



Special Closed & Regular Public Session of July 24, 2018

**Santa Cruz Port Commission
MINUTES**

Commissioners Present:

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

SPECIAL PUBLIC SESSION – 5:30 PM

Chairman Smith brought the special public session to order at 5:30 PM at the Santa Cruz Harbor Office, 135 Fifth Avenue, Santa Cruz, CA 95062.

1. Oral Communication
2. Announcement of Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54957.

At 5:01 PM, Chairman Smith announced the Commission will meet in closed session to discuss agenda item 3.

SPECIAL CLOSED SESSION

3. Public Employee Performance Evaluation
Title: Port Director

SPECIAL PUBLIC SESSION

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

Chairman Smith announced that the Commission took no reportable action in closed session on item 3.

Chairman Smith adjourned the special open session following the closed meeting at 6:40 PM.

REGULAR PUBLIC SESSION – 7:00 PM

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

5. Pledge of Allegiance
6. Oral Communication

Slip renter Eileen Sundet expressed concern about vehicles not obeying traffic signs in the north harbor parking lot.

Vice-Chairman Reed stated that the ad hoc committee has developed a preliminary site recommendation for *Pappy Park*. Port Director Olin stated that she will provide a brief update on *Pappy Park* in her report.

Chairman Smith stated that Phase I of the Pile Repair and Replacement Project is going well. In response to a question posed by Commissioner Goddard, FME Kerkes confirmed that some piles will be replaced at J-Dock in the north harbor. Port Director Olin stated that Phase I of the project is expected to be complete by mid-August. Chairman Smith thanked staff for their efforts related to the project.

CONSENT AGENDA

7. Approval of Minutes
 - a) Special Closed & Regular Public Session of June 26, 2018
8. Approval of Month-to-Month Lease for 333 Lake Avenue, Suite H (Tenant: Portside Paddle)
9. Approval of Adventure Sports Journal's Sublease Agreement - 333 Lake Avenue, Suite D/G (Tenant: S. Marschall)

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

REGULAR AGENDA

10. Approval of Employment Reclassification for Accounting Technician and Senior Deputy Harbormaster to Accounting Technician II and Assistant Harbormaster

Discussion: Port Director Olin stated that the Commission met in closed session on June 26, 2018, to discuss two proposed employment reclassifications (Accounting Technician to Accounting Technician II and one Senior Deputy Harbormaster to Assistant Harbormaster). She stated that there was consensus among the Commission to present the reclassifications for approval at a regular public session.

Port Director Olin stated that approval of the two proposed employment reclassifications will not change the Port District's number of full-time equivalent (FTE) employee count.

Port Director Olin stated that approval of updated Salary Schedule amendments will follow in agenda item 11.

Commissioner Goddard stated that he is supportive of the proposed employment reclassifications. He requested that staff review and edit the attached job descriptions for duplicate language, noting that the motion does not include approval of the job descriptions.

There was consensus among the Commission to approve the proposed employment reclassifications.

MOTION: Motion made by Commissioner Goddard, seconded by Vice-Chairman Reed to:

1. Approve reclassification of one full time equivalent (FTE) Accounting Technician Position to Accounting Technician II, with revised job duties, and create two accounting technician levels, Accounting Technician I and Accounting Technician II.
 2. Approve reclassification of one full time equivalent (FTE) Senior Deputy Harbormaster to Assistant Harbormaster, with revised job duties, and eliminate one Senior Deputy Harbormaster position.
- *Motion carried unanimously.*

11. Approval of Resolution 18-08, Adopting Amendments to the Salary Schedule

Discussion: Port Director Olin recommended approval of Resolution 18-08, adopting amendments to the Port District's salary schedule. She highlighted the following changes:

- Move the provisional Parking Coordinator position from the 2018 salary schedule for unrepresented employees to the full-time equivalent (FTE) represented salary schedule (the Parking Coordinator position was converted to a FTE position with the FY19 budget);
- Amend the represented salary schedule to include the Assistant Harbormaster position, paid on salary grade 24 basis;
- Amend the represented salary schedule to include the Accounting Technician II position, paid on salary grade 22 basis.

Port Director Olin stated that the amended salary schedule will be posted online to comply with transparency requirements, if approved.

MOTION: Motion made by Commissioner Gertler, seconded by Vice-Chairman Reed to approve Resolution 18-08, adopting amendments to the Santa Cruz Port District's Salary Schedule.
- *Motion carried unanimously.*

12. Approval of Resolution 18-09, Adopting the Santa Cruz Port District Debt Management Policy

Discussion: Port Director Olin stated that the District's bond counsel, Cameron Weist of Weist Law, has advised staff of the Port District's responsibilities in acquiring new debt per Government Code section 8855(i), which requires any issuer of public debt to provide a report of the proposed issuance (no later than 30 days prior to the sale of any debt), to the California Debt and Investment Advisory Commission (CDIAC). Additionally, the Port District is required to certify on the Report of Proposed Debt Issuance of a current debt policy that complies with policies set forth in Government Code section 8855(i).

Port Director Olin stated that staff recommends approval of Resolution 18-09 as presented, which approves a Debt Management Policy consistent with Government Code section 8855(i), policy requirements.

A discussion ensued regarding the proposed debt management policy.

Port Director Olin fielded a variety of questions from the Port Commission and highlighted the following:

- New requirements set forth in Government Code section 8855(i), were effective January 1, 2017;
- Adoption of the debt management policy allows the Port District's bond counsel to pursue financing in the amount of \$3,350,000 with BBVA Compass Bank (as directed by the Commission at the regular public session of June 26, 2018);
- The Commission can update the debt management policy as needed. The policy will be reviewed annually as part of the budget process;
- "Inter-fund Borrowing" does not refer to the transfer of Port District funds between capital and reserve accounts.

Commissioner Geisreiter stated that he is supportive of adoption of a debt management policy, adding that the proposed policy not only includes all elements required by CDIAC, but also includes best management practices for the Port District. He stated that the proposed policy does not present any potential restrictions and/or limitations to the Port District. Chairman Smith agreed, noting that approval of the policy enhances to the District's transparency.

Port Director Olin stated that the proposed debt management policy will help ensure that District debt is issued and managed prudently to maintain a sound fiscal position and protect its credit rating.

Commissioner Goddard stated that he is supportive of adoption of a debt management policy, but expressed concern regarding the language included in the "Investment of Proceeds" section, which states that, "all investments will be made in compliance with the District's investment policy objectives of safety, liquidity and then yield." Commissioner Goddard explained that he believes the proposed language establishes an unintended prioritization of investment policy objectives.

Commissioner Geisreiter suggested "then," be removed to eliminate prioritization of objectives. Commissioner Goddard stated that he is supportive of this modification, emphasizing that this change reflects that the objectives presented are co-equal goals. Chairman Smith and Port Director agreed.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Geisreiter to approve Resolution 18-09, adopting the Santa Cruz Port District Debt Management Policy, with a language revision to the Investment of Proceeds section, eliminating the word, "then" from the sentence "...safety, liquidity, and then yield."
- *Motion carried unanimously.*

13. Approval of Allocation of PG&E's Easement Funds to Capital Improvement Fund

Discussion: Port Director Olin stated that PG&E has paid the Port District \$113,287 for two recently executed easement agreements.

Port Director Olin stated that staff recommends allocating all PG&E funding received for the permanent and temporary construction easements to the Unallocated CIP Fund. If approved, this allocation will increase the fund's balance to approximately \$259,523.

In response to a question posed by Commissioner Goddard, Port Director Olin stated allocating the PG&E funding to the Unallocated CIP Fund (rather than to a specific project), allows for more flexibility if unanticipated projects or project-related expenses arise. Commissioner Goddard agreed.

MOTION: Motion made by Commissioner Goddard, seconded by Vice-Chairman Reed to authorize transfer of funding received from Pacific Gas and Electric (PG&E) for easements from the general fund to Unallocated Capital Improvement Fund.
- *Motion carried unanimously.*

14. Update on Dock Upgrades Project – Southeast Brow Piers (N – S Docks)

Discussion: Facilities Maintenance and Engineering Manager (FME) Kerkes stated that staff discovered that significant repairs are needed on six brow piers in the southeast harbor (N - S Docks), prior to the installation of the new aluminum dock gates in the area.

FME Kerkes stated that staff estimates that the work to repair the six brow piers can be completed in-house for approximately \$120,000. The per brow pier repair cost is estimated at \$20,000, which is comprised of approximately \$16,000 in materials and approximately \$4,000 in labor. Staff estimates that it will take four crew members approximately three days to complete one brow pier.

FME Kerkes stated that staff solicited a preliminary estimate for the project from Bellingham Marine, who provided an estimate of \$328,500, which includes labor and materials for repair of the six brow piers.

Port Director Olin stated that staff is seeking direction on whether to pursue formal bidding on this project or complete the project in-house using funding from the unallocated CIP.

In response to a question posed by Commissioner Geisreiter, FME Kerkes confirmed that H-Dock and FF-Dock meet ADA accessibility standards.

Commissioner Goddard asked if the Port District needs to obtain building permits for repairs to the dock ramps. FME Kerkes stated that staff is repairing existing docks and expansion of the facilities is not proposed, so a building permit is not required.

In response to a question posed by Commissioner Goddard, FME Kerkes stated that dockside utilities will not be affected by construction on the brow piers.

A discussion ensued regarding the existing work load and feasibility of in-house maintenance crews completing the brow pier repairs in the southeast harbor. FME Kerkes stated that he is confident that staff will be able to complete the repairs in a timely manner.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Goddard directing staff to complete the brow pier repairs (N – S-Docks), in-house, and authorize a transfer from the Unallocated CIP Fund to the Dock Upgrades Project up to \$120,000, based on actual expenditures.
– *Motion carried unanimously.*

15. Approval of Cash / Payroll Disbursements – June 2018

Discussion: Commissioner Gertler asked for additional information on Warrant #49960 – Salary Advance. Port Director Olin stated that the labor agreement between the Port District and the Harbor Employees Association/OE3 allows for employees to request salary advances, if needed.

Commissioner Goddard asked for additional information regarding the electronic fund transfer (EFT) payment for an ACH transaction fee. Accounting Technician Eldridge stated that there are associated fees with ACH payments, though they are significantly lower than credit card fees.

Commissioner Goddard asked why there are multiple EFT payments to CalPERS. Accounting Technician Eldridge explained that the contributions for each CalPERS tier are paid each pay period on behalf of employees, and the District currently has 3 CalPERS tiers. Port Director Olin explained that staff is now reconciling the bank statement using its financial software, Dynamics, so all EFT and manual payments which were previously compiled are now listed in more detail on the warrant list.

Chairman Smith asked for additional information on Warrant #49964 – Permit Fee, Aldo's Seawall Streambed Alteration. Port Director Olin stated that an application was submitted to the California Department of Fish and Wildlife for a streambed alteration permit, which is required for the Aldo's Seawall Replacement project.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Geisreiter to approve the Cash / Payroll Disbursements for June 2018, in the amount of \$502,667.80.
- *Motion carried unanimously.*

INFORMATION

16. Port Director's Report

Pacific Gas & Electric (PG&E) Pipeline Replacement Project in North Harbor

Port Director Olin stated that Pacific Gas and Electric (PG&E) will be conducting necessary pipeline replacement in the north harbor, in the area of G-Dock, beginning in August 2018. She stated that a definitive start date has not yet been established, but PG&E will provide the Port District with at least five days' notice prior to the commencement of work.

Chairman Smith suggested that staff reach out and provide advance notice to slip renters in the construction area.

FY18 Audit

Port Director Olin stated that the Port District's FY18 audit field work is currently underway. The draft audit will be presented to the full Commission in August.

Division of Boating and Waterways (DBW) Grant

Port Director Olin stated that the Division of Boating and Waterways (DBW) has denied the District's application for grant funding for a new patrol vessel due to a lack of program funding.

Authorization of Coastal Development Permit (CDP) 3-18-0160

Port Director Olin stated that the California Coastal Commission authorized a Coastal Development Permit (CDP) 3-18-0160, at its public hearing on July 12, 2018, which authorizes a 10-year of permit for annual maintenance dredging operations at Santa Cruz Harbor. She stated that the Port District has received permit authorization from the Monterey Bay National Marine Sanctuary.

Pappy Park

Port Director Olin stated that the ad hoc committee has identified a site for display of *Pappy* (located between the launch ramp parking lot and concession parking lot). Vice-Chairman Reed expressed support for the proposed location, noting that it is highly visible.

Port Director Olin stated that the ad hoc committee is working with former Commissioner and engineer, Jeff Martin, to develop conceptual designs for the display, which will be presented to the full Commission for consideration at a future meeting.

Twin Lakes Beachfront Improvement Project "Ribbon Cutting Ceremony"

Port Director Olin stated that the County of Santa Cruz Department of Public Works invites Commissioners and the public to attend the Twin Lakes Beachfront Ribbon Cutting Ceremony on Friday, July 27, 2018, from 12:00 p.m. to 1 p.m., on East Cliff Drive (between 5th and 7th Avenue).

Policy-Operations Committee Meeting

Port Director reported that a Policy-Operations Committee meeting was held on Thursday, July 19, 2018, to review the Port District's sublease, partnership and regular use of vessel policies and fees. She reported that the vessel use policy and enforcement of the policy were discussed. While the committee did not recommend any changes to the policy, the committee's discussion of administration and enforcement of the program will be presented at a future Port Commission meeting for review.

Port Director Olin reported that the committee also discussed subleases, including a review of the history and administration of the program and the fee. While the committee did not make a formal recommendation to change the fee, a future item will be presented to the Commission to consider adoption of a differential sublease fee for the north harbor area.

Port Director Olin also reported that the committee reviewed the history and administration of the partnership program, and the current fee. The committee did not recommend making

any changes to the program or the fee, though the Commission may wish to consider fee options as part of next year's budget deliberations.

Business-Finance Committee Meeting

Port Director Olin stated that a Business-Finance Committee meeting was held on Monday, July 23, 2018, to consider development of an investment policy. The committee recommended adopting an investment policy. Port Director Olin stated that further committee work is needed before this item is presented to the full Commission.

Chairman Smith stated that the committee review items (policy-operations and business-finance) can be removed from the Commission's follow-up calendar.

South Swell and High Surf Advisory

Port Director Olin stated that there is a large south swell and high surf advisory currently in effect for the area through Thursday, July 26 2018. She stated that the highest swell is expected to arrive late tonight, with surf ranging from 8 to 10 feet. Port Director Olin stated that Harbor Patrol has notified slip renters and secured dock lines throughout the harbor, and a deputy harbormaster is scheduled to work overnight. She stated that staff has issued an advisory on the U.S. Coast Guard's VHF Channel 16.

17. Harbormaster's Report

In response to a question posed by Commissioner Goddard, Port Director Olin stated that Ryan Stephenson was promoted to Boatyard Supervisor effective August 1, 2018. She stated that staff is currently recruiting for the Boatyard Crew position.

18. Facilities Maintenance & Engineering Manager's (FME) Report

Commissioner Goddard expressed appreciation for the repair at AA-Dock extension.

19. O'Neill Sea Odyssey Annual Report

Administrative Services Manager Mac Laurie stated that O'Neill Sea Odyssey (OSO) has submitted its annual report, which reflects usage as 64% charter and 36% OSO.

In response to a question posed by Commissioner Geisreiter, Administrative Services Manager Mac Laurie confirmed that there has been an increase in charter use, and therefore a decrease in the discount percentage for OSO.

Vice-Chairman Reed asked if the purchase of a larger sailing vessel (with an increased charter rating), will affect OSO's slip rent and charter fee structure. Port Director Olin stated that the discount percentage is based on the number of transits rather than the number of passengers on the vessel.

20. Review of Delinquent Accounts *(There was no discussion on this agenda item)*

21. Review of Financial Reports

- a) Comparative Seasonal Revenue Graphs
- b) Preliminary Budget Report as of June 30, 2018
- c) Quarterly Fuel Sales Report
- d) Quarterly Boatyard Report

In response to a question posed by Commissioner Goddard, Port Director Olin stated that the year-end budget report will be presented in the draft audit.

A discussion ensued regarding the slight decrease in Boatyard revenue.

22. Crime / Incident / Citation Report – June 2018. *(There was no discussion on this agenda item)*

23. Port Commission Review Calendar / Follow-Up Items

Chairman Smith adjourned the regular public session at 8:10 pm.



Dennis Smith, Chairman