



Regular Public Session of November 27, 2018

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

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

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.

1. Pledge of Allegiance
2. Oral Communication

Discussion: Audience member Thomas Whieldon commended Deputy Harbormaster Anderson for going beyond the call of duty during a recent public service related detail.

CONSENT AGENDA

3. Approval of Minutes
 - a) Regular Public Session of October 23, 2018
4. Approval of Nexus Wealth Advisors' Sublease Agreement – 365 B Lake Avenue (Tenant: Pertria)
5. Approval of Month-to-Month Rental at Santa Cruz Harbor Boatyard (Tenant: Ray Villalba)

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

REGULAR AGENDA

6. Approval of Claim – B. Whittal

Discussion: Port Director Olin stated that Mr. Whittal has submitted a claim to the District in the amount of \$7,684.68, for damages sustained to his vessel while being hauled out at the boatyard.

Mr. Whittal's claim asserts that paint chip debris was transferred and embedded into the hull of his vessel, causing paint scratches in some areas from the Travelift straps used to haul his vessel from the water. Port Director Olin stated that staff has substantiated Mr. Whittal's claim and has since made operational changes to ensure incidents like this are mitigated in the future.

Port Director Olin recommended reducing the claim amount from \$7,684.68 to \$7,181.68 to eliminate the cost of labor to wash mud from the vessel and additional storage fees, which were due, in part, to a delay in submitting the claim.

A discussion ensued regarding the content and validity of the claim.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Gertler to approve the claim submitted by Mr. Whittal, in the amount of \$7,181.68 - *Motion carried unanimously.*

7. Consideration of Adoption of Investment Policy

Discussion: Port Director Olin stated that at the direction of the Business-Finance Committee, staff has prepared a draft investment policy for review. CPA Wendy Cumming and auditor Karen Semingson of the auditing firm Hutchinson and Bloodgood have reviewed the draft policy and provided minor edits.

Port Director Olin stated that as a government entity, the District is governed by a strict set of guidelines relative to investment options. She stated that the draft policy, as presented, is simple, but has the ability to adapt and change over time to meet the District's needs.

Commissioner Reed expressed support for the draft policy and asked for additional information on how the District proposes to select investment options in the future. He asked if an advisory firm or consultant is required.

Port Director Olin stated that the District's current investment option (Local Agency Investment Fund) meets all standards for government agencies and produces a moderate return. She stated that there are no proposed plans to expand or change the District's current investment portfolio, adding that any proposed changes to the District's investment options would be presented to the Port Commission for approval.

The Commission discussed alternate investment options, including CalPERS' OPEB (Other Post-Employment Benefits) Trust Fund, a Section 115 Trust.

Commissioner Goddard thanked staff and the committee for developing the policy and recommended that for organizational purposes, all of the District's financial policies eventually be compiled in one document/binder.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Reed to adopt the Investment Policy.
- *Motion carried unanimously.*

8. Approval of Reallocation of Capital Improvement Program Funding

Discussion: Port Director Olin stated that loan proceeds from the recent refinancing from BBVA Compass Bank have been received and allocated to the fund balance for the Aldo's Seawall Replacement Project and Pile Removal and Replacement Project, supplementing funding previously set aside in the FY19 budget.

Port Director Olin recommended reallocating \$863,000 in Capital Improvement Project funding from the Aldo's Seawall Replacement Project to:

- Dock Upgrades Project (\$50,000)
- Unallocated Capital Improvement Program (\$813,000)

In response to a question posed by Chairman Smith, Port Director Olin stated that the \$50,000 contribution to the Dock Upgrades Project will provide necessary, additional funding for brow pier upgrades and fabrication of the remaining dock gates on the west side.

Commissioner Goddard expressed support for the proposed allocation, stating that he favors paying for these two projects with a mix of cash and financing.

MOTION: Motion made by Commissioner Gertler, seconded by Commissioner Goddard to authorize reallocation of \$863,000 in Capital Improvement project funding from the Aldo's Seawall Replacement Project, to:
• Dock Upgrades Project F008 (\$50,000)
• Unallocated Capital Improvement Program F099 (\$813,000)
- *Motion carried unanimously.*

9. Approval of Contract Amendment – Mesiti-Miller Engineering (Aldo's Seawall)

Discussion: Port Director Olin stated that a contract amendment is needed to account for additional services under the contract, which includes engineering, permit acquisition and survey work necessary to determine property lines. She explained that the additional services are with her contract authority, but are presented for approval because it is part of a larger contract.

In response to a question posed by Commissioner Goddard, Port Director Olin explained that additional survey work will be required to define the

leasehold area for the new replacement restaurant building. She stated that work is separate.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Goddard to authorize a contract amendment with Mesiti-Miller Engineering for design and permitting of the seawall at Aldo's Restaurant in an amount not to exceed \$17,500.
- *Motion carried unanimously.*

10. Election of Port Commission Officers for 2019

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Reed to nominate Commissioner Smith for Chairman, and Commissioner Reed for Vice-chairman for 2019.
- *Motion carried unanimously.*

11. Approval of Cash / Payroll Disbursements – October 2018

Discussion: Port Director Olin stated that a correction should be made to the description of Warrant #50531, to reflect that the invoices paid to Computer Technical Service are for technical support and a new computer, rather than pet waste station bags.

In response to a question posed by Chairman Smith, Port Director Olin confirmed that the vendor, It's Catching LLC, is Tow Boat US (Warrant #50551).

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Geisreiter to approve cash/payroll disbursements for October 2018, in the amount of \$673,821.63
- *Motion carried unanimously.*

INFORMATION

12. Port Director's Report

PG&E Project

Port Director Olin stated that the PG&E project in the north harbor is anticipated to be complete by mid-December. She stated that as part of the project, PG&E will be required to repave the entire portion of the project area.

Boatyard Sump Pump Replacement Project

Port Director Olin stated that there will be unanticipated savings related to the Boatyard Sump Pump Replacement Project.

Boatyard Ways

Port Director Olin stated that Mesiti-Miller Engineering (MME) inspected the boatyard ways, which were last evaluated after the tsunami in 2011. She stated that MME will calculate and

determine the structural load capacity of the ways at the time of design. Port Director Olin stated that there is no indication based on the recent inspection that the ways are unsuitable for use. MME is recommending further evaluation of the support piles.

Arbitrage Report

Port Director Olin stated that an arbitrage report was recently completed on the District's 2013 non-taxable debt. She stated that the arbitrage report is required every five years, and is intended to ensure that the District does not earn excess interest on its non-taxable debt.

Request for Proposals (RFP) – Garbage Hauling Services

Port Director Olin stated that proposals for this RFP were due today and one bid was received. She stated that the contract will be presented for approval in December.

USACE Funding

Port Director Olin stated that the District has submitted a reimbursement request to the Corps in the amount of \$449,000 (\$385,000 annual amount, plus \$64,000 shortfall). She stated that \$464,000 has been approved in Corps' current work plan, however, the District may only request reimbursement for \$385,000 under the current contract.

Murray Street Bridge Update

Port Director Olin stated that the City's plans for the Murray Street Bridge retrofit are approximately 95% complete. She stated that the bridge retrofit project is currently on hold until the County Sanitation District can develop design plans for the relocation of the sanitary sewer line, which currently runs under the harbor and bridge. The plan is to suspend the sewer line under the new bridge.

13. Harbormaster's Report

Harbormaster Marshall provided an update on the 2019 vessel use list. She stated that outreach has been performed and notification letters will be mailed in January.

Harbormaster Marshall reported that approximately 150 slip renters have provided vessel insurance documentation. She stated that most slip renters will postpone delivery of their insurance documents until the January 1, 2019, effective date.

In response to a question posed by Commissioner Geisreiter, Harbormaster Marshall stated that slip renters who own older, wood hull commercial vessels have experienced difficulty obtaining proper insurance.

14. Facilities Maintenance & Engineering Manager's Report

Facilities Maintenance and Engineering Manager Kerkes stated that the booster pump has been repaired and the dredge crew is concurrently dredging the north and south harbor. Additionally, he provided an update on the Snorkel Fabrication project, noting a delay in the project completion date.

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

16. Annual Business Use of Slip Review

Commissioner Goddard expressed support for reviewing this report on an annual basis. Chairman Smith agreed and noted that recent changes to the charter program have proven to be beneficial for the District.

17. Review of Financial Reports (There was no discussion on this agenda item)

a) Comparative Seasonal Revenue Graphs

18. Crime/Incident/Citation Report – October 2018

Chairman Smith stated that it will be beneficial for the District to lobby the County for an increased rescue grant contribution to more accurately reflect the service area within which the Harbor Patrol responds.

19. Written Correspondence

a) Letters from Port Commission to B. Monning, J. Laird, J. Panetta, and M. Stone

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

Chairman Smith adjourned the regular public session at 8:27 PM



Dennis Smith, Chairman