

Santa Cruz Port District
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PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Reed Geisreiter
Stephen Reed
Darren Gertler

Special Closed & Regular Public Session of November 22, 2016

Santa Cruz Port Commission MINUTES

Commission Members Present:

Toby Goddard
Dennis Smith
Reed Geisreiter (via Teleconference)
Bill Lee
Stephen Reed

Chairman
Vice-chairman
Commissioner
Commissioner
Commissioner

SPECIAL PUBLIC SESSION

Chairman Goddard brought the special public session to order at 5:00 PM at the Santa Cruz Harbor office, 135 5th Avenue, Santa Cruz, CA 95062.

1. Oral Communication

Kris Reyes of the Santa Cruz Seaside Company stated they are considering purchase of Pacific Yachting and Sailing, and are negotiating with the current owner Marc Kraft on a purchase agreement. To move that process along, the Seaside Company is asking the Port Commission to make a decision on the transfer of 11 slips with sale of Pacific Yachting and Sailing as soon as possible. Mr. Reyes stated that the transfer of slips with the business can be considered separately from *Chardonnay III*. He explained that the Seaside Company intends to submit a separate business plan for *Chardonnay III* in 2017, after purchase of the business is complete.

Chairman Goddard acknowledged receipt of a letter from the Chardonnay Sailing Charters (Seaside Company is co-owner) detailing their request, and he asked if there is any flexibility on needing an answer on transference of the slips by December 15, 2016. Mr. Reyes confirmed that the December 15 date is flexible.

2. Announcement of Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54957.6 and 54956.8

Chairman Goddard announced the Commission will meet in closed session in the Santa Cruz Harbor office conference room to discuss agenda items 3 and 4.

SPECIAL CLOSED SESSION

3. Conference with Real Property Negotiators
Property: 493 A Lake Avenue
Agency Designated Representative: L. Ekers
Under Negotiation: Lease

4. Conference with Real Property Negotiators
Property: 790 Mariner Park Way
Agency Designated Representative: L. Ekers
Under Negotiation: Lease

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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 6:45 PM.

REGULAR PUBLIC SESSION – 7:00 PM

Chairman Goddard 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.

6. Pledge of Allegiance

7. Oral Communication

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

Audience member Neli Cardoso distributed a flyer/letter regarding the development of the parcel located at 7th and Brommer.

Commissioner Reed thanked Port Director Ekers for the publication honoring Bill Lee and his 24 years of service to the Port District as a Commissioner.

CONSENT AGENDA

8. Approval of Minutes
 - a) Special Public and Regular Public Session of October 25, 2016
9. Award of Lease – 365B Lake Avenue (Tenant: Nexus Wealth Advisors)
10. Approval of Port District Priorities for 2016-17
11. Approval of Resolution 16-12 – Approving Amendment to Port District's Salary Schedule

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

REGULAR AGENDA

12. Appeal of Charter Fee Assessment – K. Stagnaro

Discussion: Port Director Ekers stated that at its regular public meeting of April 22, 2016, the Port Commission directed staff to review fees being charged for Mr. Stagnaro's two vessels, *Velocity* and *Legacy*.

Port Director Ekers highlighted the following:

- The current charter fee for *Velocity* is calculated on a 34 passenger rating. In 2003, a discount to the passenger rating was granted, reducing the 40 passenger rating (at that time) to 34 passengers (15% discount).
- In approximately 2006, the passenger rating for *Velocity* increased to 65, with no adjustments made to the charter fee.
- The current 1.5x business use fee charged to Mr. Stagnaro's second vessel, *Legacy*, should be replaced with the charter fee calculation (46 passenger rating).

Mr. Stagnaro expressed his dissatisfaction with staff's determination to adjust the fees for both of his vessels. Mr. Stagnaro stated that the 15% discount to the passenger rating was granted in recognition of the fact that fishing charter vessels cannot accommodate full passenger loads due to space limitations.

Mr. Stagnaro stated that he is not supportive of replacing the 1.5x business use fee, currently assessed to *Legacy*, with a charter fee. He stated that the 1.5x business use classification allows more flexibility for how the slip can be used presently and in the future.

A brief discussion ensued about the elimination of a previously applied 10% discount for cleaning fish outside of the harbor. Mr. Stagnaro requested that the 10% fish cleaning discount be reinstated or that the harbor reinstall fish cleaning tables on the west side.

Mr. Stagnaro stated that fees currently being assessed to his operation are comparable to neighboring harbors. He stated that the proposed increase to fees will make it difficult to conduct business out of the Santa Cruz Harbor.

Port Director Ekers stated that replacing the 1.5x business use fee with the charter fee will not diminish Mr. Stagnaro's ability to use the slip for various charter purposes. She explained that if use of the slip changes in the future, fees will be adjusted accordingly.

A discussion ensued about whether a passenger down rating could be authorized by the Coast Guard. Mr. Stagnaro responded that passenger rating equates to vessel value, so he is not interested in pursuing a down rating.

Commissioner Reed stated that all other charter operators are being charged in accordance with their passenger rating, and deviation from that calculation creates inequity among operators. He stated that he is supportive of the staff recommendation.

Vice-chairman Smith stated that conformity among charter operations is imperative, but noted that at the April 22, 2016, meeting, the Port Commission authorized the Port Director to apply discounts, and in doing so discovered inconsistent fees. He questioned why the 15% passenger rating discount and the 10% fish cleaning discount have not been continued.

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Port Director Ekers stated that extending a discount to one charter operator, when the discount may apply to multiple operators in the harbor creates inequity.

Vice-chairman Smith expressed his support for extending a 15% passenger rating discount to Mr. Stagnaro, which would reduce the billable passenger rating from 65 to 55.

Commissioner Lee pointed out that Mr. Stagnaro wants to retain his higher passenger rating. He expressed his belief that it's not reasonable for Mr. Stagnaro to ask for a lower fee when on the other hand, he wants to maximize capacity of the vessel. Commissioner Lee stated that the Port District's basis for calculating charter fees is reasonable and expressed his support for the staff recommendation. Commissioner Geisreiter agreed.

Chairman Goddard stated that standardization of the Port District's charter fee formula has been done intentionally to reduce inequities amongst charters operations. He stated that he is supportive of the staff recommendation.

MOTION: Motion made by Commissioner Reed, seconded by Vice-chairman Smith to deny the appeal and apply charter fees in accordance with the adopted fee schedule to the charter vessels *Velocity* and *Legacy*, effective January 1, 2017.
- Motion carried. Commissioners Goddard, Geisreiter, Lee and Reed voting YES. Vice-chairman Smith voting NO.

13. Approval of Sublease Extension – Peter Fuller, Slip D-07

Discussion: Harbormaster Marshall stated that Mr. Fuller is not in attendance at tonight's meeting due to a scheduling conflict. She stated that Mr. Fuller has been a tenant in good standing with the harbor for many years.

MOTION: Motion made by Commissioner Lee, seconded by Commissioner Geisreiter to approve a sublease extension through September 2017, to Mr. Peter Fuller, Slip D-07.
-Motion carried unanimously.

14. Application for 6-Pak Charter Operation (B. Lee)

Discussion: Commissioner Lee stated that he will recuse himself from discussion and decision on this request. Commissioner Lee stated that he will briefly address the Commission as a member of the public.

Mr. Lee stated that he is requesting Commission approval to operate a 6-pak sailing charter. Mr. Lee stated that it is his intention to offer sailing charters, advanced sailing courses, racing skills, and team building programs. *Mr. Lee left the meeting during Commission discussion and deliberation.*

Commissioner Reed expressed his support for approval of the 6-pak charter.

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Vice-chairman Smith questioned when slip T-09 (Mr. Lee's current slip), which was formerly a boatyard slip, became a public waiting list slip. Port Director Ekers responded that it was made a waiting list slip when Aquarius Boatworks vacated the boatyard in 2014, and the Port District took over the operation. She explained that under the concession operated boatyard, the slip was formerly part of the leasehold.

Vice-chairman Smith stated that he is supportive of performing a comprehensive review of all charter operations and determining if a maximum number of allowable charters within the harbor should be imposed prior to approving Mr. Lee's request.

MOTION: Motion made by Vice-chairman Smith to approve a 6-pak charter permit and business use of slip for Bill Lee (*Merlin*), on the condition that staff provides the Commission with a comprehensive review of charter operations for determination of a maximum number of allowable charters, if applicable, within the next 3 months.
- Motion died for lack of a second.

MOTION: Motion made by Commissioner Reed, seconded by Commissioner Geisreiter to approve a 6-pak charter permit and business use of slip for Bill Lee (*Merlin*).
- Motion carried. Commissioners Goddard, Geisreiter, and Reed voting YES. Commissioner Smith voting NO. Commissioner Lee ABSENT.

15. Update on Funding for *Twin Lakes*

Discussion: Port Director Ekers provided the Commission with an update on the funding for the new dredge, *Twin Lakes*. Port Director Ekers highlighted the following:

- Estimated fund balance for the *Seabright* Replacement Project in the Capital Improvement Program is approximately -145,400.
- Staff will appeal payment of sales tax to the Board of Equalization (BOE) in the amount of \$364,452.
- Successful appeal to BOE will result in a surplus of funds.

Commissioner Reed asked for additional information on staff's appeal to the BOE. Accounting Technician Scott stated that the new dredge may fall into several different classifications qualifying it for exemption from sales tax. Staff is still trying to determine the best course of action to apply for an exemption.

MOTION: Motion made by Commissioner Lee, seconded by Vice-chairman Smith to authorize a budget transfer in the amount of \$79,000 from the Dredge Intermediate Fund to the Capital Improvement Program and authorize a budget transfer in the amount of \$5,000 from the resale of *Seabright* to fund added expenses.
- Motion carried unanimously.

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16. Election of Port Commission Officers for 2017

MOTION: Motion made by Commissioner Lee, seconded by Vice-Chairman Smith to nominate Chairman Goddard for 2017 Chairman and Vice-Chairman Smith for 2017 Vice-chairman.

- *Motion carried unanimously.*

17. Approval of Cash / Payroll Disbursements – October 2016

Discussion: In response to a question posed by Chairman Goddard, Harbormaster Marshall confirmed that Warrant #46482 – Vessel Demolition and Haul Away is grant reimbursable.

MOTION: Motion made by Vice-chairman Smith, seconded by Commissioner Reed to approve cash/payroll disbursements for October 2016, in the amount of \$616,793.05

- *Motion carried unanimously.*

INFORMATION

18. Port Director's Report

Aldo's

Port Director Ekers reported that Aldo's is scheduled to open at their temporary location on Mariner Park Lawn during the week of November 28, 2016.

Commissioner Bill Lee

Port Director Ekers thanked Commissioner Lee for 24 years of service to the District. She stated that a public tribute page has been created on Facebook. Fellow Commissioners expressed their gratitude towards Commissioner Lee for his long tenure on the Port Commission.

19. Harbormaster's Report

Harbormaster Marshall stated that five staff members are currently certified to perform off-shore vessel operations, not four, as indicated in her report.

20. Facilities Maintenance & Engineering Manager's Report

Facilities Maintenance and Engineering Manager Kerkes provided an update on dredging operations and the installation of *Twin Lakes'* fendering system.

21. Update on Newly Implemented Parking Changes

In response to a question posed by Vice-chairman Smith, Harbormaster Marshall reported that citation revenue is not included in the comparative parking revenue figures that are provided. She stated that citation revenue information is available, if interested.

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

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23. Review of Financial Reports *(There was no discussion on this agenda item)*
 - a) Comparative Seasonal Revenue Graph
24. Crime/Incident/Citation Report – October 2016 *(There was no discussion on this agenda item)*
25. Written Correspondence *(There was no discussion on this agenda item)*
 - a) Letter from Special District Risk Management Authority (SDRMA), to Port Commission
26. Port Commission Review Calendar/Follow-Up Items

Vice-chairman Smith stated that he is still supportive of reviewing sublease and partnership fees at an upcoming meeting.

Chairman Goddard adjourned the regular public session at 8:49 PM



Toby Goddard, Chairman