



Regular Public Session of October 23, 2018

**Santa Cruz Port Commission
MINUTES**

Commissioners Present:

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

Slip renters Thomas Whieldon and Neli Cardoso distributed a letter to the Commission, expressing support for increased security in the harbor during night hours.

Chairman Goddard stated that he met with Assemblymember Mark Stone and discussed the Port District's interest in pursuing the Division of Boating and Waterways' (DBW) Boating Safety and Enforcement Equipment (BSEE) Grant for the purchase of a new patrol vessel.

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Closed & Regular Public Session of September 25, 2018
4. Approval of Side Letter of Agreement as an Amendment to Memorandum of Understanding between Santa Cruz Port District and Operating Engineers Local No. 3

Discussion: Commissioner Goddard requested that item 3, Approval of Minutes, be moved to the regular agenda for discussion.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed to approve consent agenda item 4.
- *Motion carried unanimously.*

REGULAR AGENDA

3. Approval of Minutes
 - a) Special Closed & Regular Public Session of September 25, 2018

Discussion: Commissioner Goddard stated that he requested the minutes be pulled from consent in response to Mr. Fraser's request at last month's public meeting that harbor patrol staff provide night security. Commissioner Goddard suggested that the Commission review current scheduling of harbor patrol staff and the use of First Alarm security guards for night patrol.

Vice-Chairman Reed suggested that as part of the review, staff compile crime rate statistics prior to the proposed discussion. Commissioner Goddard agreed.

Commissioner Geisreiter expressed support for the request.

MOTION: Motion made by Commissioner Goddard, seconded by Vice-Chairman Reed to approve consent agenda item 3.
- *Motion carried unanimously.*

5. Approval of Resolution 18-12 – Approving and Amended, Consolidated Salary Schedule for Unrepresented Employees

Discussion: Port Director Olin stated that she is proposing to add a Harbor Dredge Worker III part-time/temporary position to the unrepresented salary schedule. She explained that this position would be designated as being eligible to be filled by a retired annuitant for limited duration work.

Port Director Olin reported that this summer, there was turnover in two of the District's six dredge positions. Port Director Olin stated that former employee, Sandy Tucker, has agreed to fill this short-term, temporary position to provide new dredge crewmembers with critical training for the upcoming season. She stated that the proposed employment agreement is not anticipated to extend beyond May 15, 2019.

Port Director Olin stated that there is adequate funding in the FY19 budget to cover this unanticipated and unbudgeted expenditure. She recommended approval of Resolution 18-12.

Vice-Chairman Reed expressed support for hiring Mr. Tucker to assist with training the new dredge crew, emphasizing Mr. Tucker's invaluable insight, knowledge and skills.

Commissioner Goddard asked for additional information on CalPERS' hourly annual maximum for retired annuitants. Port Director Olin confirmed that a retired annuitant cannot work more than 960 hours in a fiscal year (July 1 to

June 30). She stated that Mr. Tucker is expected to work between 18 and 30 hours/week, and the proposed employment contract will not extend beyond May 15, 2019.

A discussion ensued regarding the employment agreement's proposed end date of May 15, 2019. There was consensus among the Commission to extend the employment agreement's end date, if agreeable with Mr. Tucker.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed to approve Resolution 18-12 adopting an amendment to the Santa Cruz Port District's salary schedule.
- *Motion carried unanimously.*

6. Approval of Resolution 18-13 – Honoring D. Haifley

Discussion: Chairman Smith read Resolution 18-03 aloud. Port Director Olin thanked Mr. Haifley for his many contributions to the harbor community. She recommended approval of the resolution.

The Commission expressed appreciation for Mr. Haifley, thanking him for his contributions to the O'Neill Sea Odyssey program and his achievements in protecting the ocean environment and California coastline.

Mr. Haifley thanked the Commission and staff for their support, and introduced O'Neill Sea Odyssey's new Executive Director, Cyndi Dawson.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed to approve Resolution 18-13, honoring Dan Haifley.
- *Motion carried unanimously.*

7. Approval of Ordinance 18-04 and Lease Extension Agreement for 2222 East Cliff Drive, Suites 222 and 234 (Tenant: O'Neill Sea Odyssey)

Discussion: Port Director Olin stated that O'Neill Sea Odyssey (OSO) has pursued a lease extension agreement with the Port District for 2222 East Cliff Drive (Suites 222 and 234), since 2014. She stated that lease negotiations resumed in April 2018, and the Commission and staff have worked closely with OSO's Executive Director, Dan Haifley, to develop a 15-year lease extension agreement, commencing January 1, 2029. She stated that District counsel, Barbara Choi, participated in the process and has reviewed the lease terms.

Port Director Olin stated that the Harbors & Navigation (H&N) Code Section 6270 stipulates that leases of longer than 10 years must be approved by ordinance. She stated that ordinance 18-04 complies with and was advertised in accordance with H&N Code Section 6270. She explained that this is new to the District, which has historically adopted leases under procedures established under H&N Code Section 72.0.

Port Director Olin stated that the lease extension provides OSO and their donors with assurance of long-term viability at the current location. Additionally, she stated that by granting this lease, the Port District recognizes the community benefits provided by OSO's marine education program.

Port Director Olin reviewed the basic lease terms:

- 15 year lease, commencing January 1, 2029 – December 31, 2043
- Port District is landlord for second story suites at 2222 East Cliff Drive
- OSO is tenant for Suites 222 and 234
- OSO's rent is based on market, less 50% public services discount. Annual CPI increases apply

Port Director Olin recommended approval of Ordinance 18-04, which authorizes the form, terms and execution of the lease extension agreement between the District and OSO for 2222 East Cliff Drive, Suites 222 and 234.

Mr. Haifley thanked the Commission and staff for their hard work throughout the lease negotiations process, emphasizing that award of a long-term lease allows OSO to continue and focus on its core mission of marine education.

MOTION: Motion made by Vice-Chairman Reed, seconded by Commissioner Goddard to approve Ordinance 18-04, awarding a 15-year lease extension to O'Neill Sea Odyssey for 2222 East Cliff Drive, Suites 222 and 234, commencing January 1, 2029.
- *Motion carried unanimously.*

8. Approval of Cash / Payroll Disbursements – September 2018

Discussion: Commissioner Geisreiter asked for additional information on Warrant #50356 and #50443 – Fee on Unused Line of Credit. Port Director Olin confirmed that Warrant #50443 was the Port District's final line of credit payment to Compass Bank.

Commissioner Goddard asked for additional information on Warrant #50362 – Travelift Repair. FME Kerkes stated that the Travelift's jib crane was leaking hydraulic fluid, and the repair was not included in the warranty.

Commissioner Goddard asked for additional information on Warrant #50494 – Underground Fuel Storage Tank Spill Bucket Replacement & Monthly Operator Service. Harbormaster Marshall stated that the underground fuel storage tank spill bucket (located in the launch ramp parking lot), was in need of repair. Port Director Olin noted that funding for this capital improvement project is allocated in the FY19 budget.

MOTION: Motion made by Commissioner Gertler, seconded by Commissioner Goddard to approve the Cash / Payroll Disbursements for September 2018, in the amount of \$882,104.24.
- *Motion carried unanimously.*

INFORMATION

9. Port Director's Report.

California Association of Harbor Masters and Port Captains New Vice President

Port Director Olin announced that Senior Deputy Harbormaster Don Kinnamon has been appointed Vice President of the California Association of Harbor Masters and Port Captains. She stated that he is an excellent representative of the marina industry and congratulated him on his new appointment.

5th Annual Classic Car Show

Port Director Olin stated that the 5th Annual Classic Car Show was held on Sunday, October 14, 2018, from 9 AM to 2 PM, on the harbor's west side. She stated that the event was well-attended and a success.

Investment Policy

Port Director Olin stated that a draft investment policy was forwarded to the Port District's CPA Wendy Cumming and the auditing firm Hutchinson and Bloodgood for review. She stated that a Business-Finance committee meeting will be scheduled once the review is completed.

Sea Level Rise Assessment Report

Port Director Olin stated that Moffatt & Nichol (M&N) has been retained to complete the Port District's Sea Level Rise Assessment Report, as required by the State Lands Commission. She stated that M&N recently completed similar reports for other agencies and is familiar with the requirements. Port Director Olin stated that the State Lands Commission has confirmed that the report is due July 1, 2019.

Aldo's

Port Director Olin stated that the California Coastal Commission will require that the Port District submit conceptual design drawings for a new restaurant building as part of the permit application process for the Aldo's Seawall Replacement Project. She stated that the Coastal Commission has indicated a single permit application is required to ensure that reconstruction of the building as a second phase of work is permissible as a replacement structure. Approval of the building plans would be conditions upon submission of final design plans and specifications.

BBVA 2013 Non-Taxable Debt

Port Director Olin stated that Willdan Financial Services has been retained to complete an arbitrage compliance report for its non-taxable debt, which is required every five years.

CalOES/FEMA January 2017 Storms

Port Director Olin stated that the District requested a time extension to continue work associated with removing sediment deposited during the January-February 2017 storm events. She stated that CalOES approved the extension earlier in the month.

Café El Palomar Audit

Port Director Olin stated that in accordance with lease terms, Accounting Tech Mark Eldridge will perform an audit of percent rent for Café El Palomar. She stated that audits are typically performed on a cyclical basis. Café El Palomar was last audited in 2013.

Harbor Patrol Truck

Port Director Olin stated that the patrol truck grazed a bollard in the concession parking lot, causing damage to its rear door. She stated that the damage has been repaired, and no injuries were reported.

10. Harbormaster's Report

Harbormaster Marshall encouraged the Commission to view the Air National Guard's new marine rescue vessel (temporarily berthed at S-Dock), noting that Harbor Patrol is interested in obtaining a new patrol vessel with a similar design.

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

Facilities Maintenance & Engineering Manager Kerkes stated that north harbor dredging in the X/J channel (near the culvert), began on October 9, 2018. FME Kerkes stated that north harbor dredging operations are currently delayed due to a mechanical failure on the District's booster pump (the hub retaining the "v-belt" pulley needs replacing). Harbor Dredge Supervisor Sengezer stated that north harbor dredging will resume in the X/J channel once the booster pump's replacement hub is delivered and installed.

Chairman Smith thanked crews for their hard work on the dock gate fabrication project. FME Kerkes stated that crews are currently working to complete fabrication of the final three dock gates (excluding south west gates).

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

13. Review of Financial Reports

- a) Comparative Seasonal Revenue Graphs
- b) Quarterly Budget Report as of September 30, 2018
- c) Employee Count as of September 30, 2018
- d) Quarterly Fuel Sales Report
- e) Quarterly Boatyard Report
- f) LAIF Statement
- g) FY18 Debt Service Coverage Ratio

In response to a question posed by Commissioner Gertler, Accounting Technician II Eldridge stated that the District's RV revenue has not been compiled for the remainder of

the year, which may explain why the revenue line is currently lower than the previous year. Port Director Olin stated that the current revenue is on track with prior years.

In response to a question posed by Commissioner Goddard, Administrative Services Manager Mac Laurie stated that the County's annual sewer invoice is approximately 85% reimbursed by landside tenants.

14. Crime / Incident / Citation Report – September 2018 *(There was no discussion on this agenda item)*
15. Written Correspondence *(There was no discussion on this agenda item)*
 - a) Letter from Special District Leadership Foundation (SDLF) Board President D. Aranda to Santa Cruz Port District
 - b) Letter from Congressman Panetta to The Honorable M. Mulvaney
 - c) Letter from B. Bush to Port Commission
16. Port Commission Review Calendar / Follow-Up Items

Chairman Smith requested that a Business-Finance committee meeting be scheduled soon to discuss the development of an investment policy.

Chairman Smith adjourned the regular public session at 8:17 pm.



Dennis Smith, Chairman