



Regular Public Session of March 27, 2018

**Santa Cruz Port Commission
MINUTES**

Commissioners Present:

Dennis Smith Chairman
Toby Goddard Commissioner
Reed Geisreiter Commissioner
Darren Gertler Commissioner

Commissioners Absent:

Stephen Reed Vice-Chairman

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 renter Niels Kisling discussed his concern that slip renter Skip Ely purportedly has a special arrangement with Port Commissioner Geisreiter and receives additional parking stickers, which Mr. Ely then distributes to crew members of his sailing vessel. Mr. Kisling expressed his belief that he has a right to know more about this special arrangement. No further discussion of the matter ensued. Chairman Smith recommended that Mr. Kisling follow-up with Harbormaster Marshall to discuss his concerns.

Chairman Smith stated that the opening of recreational salmon season is scheduled for Saturday, April 7, 2018, and the ocean salmon sport regulations currently indicate the season is open April 7-30, from Pigeon Point to the U.S./Mexico border (Monterey and south).

Chairman Smith distributed a draft letter to the Pacific Fisheries Management Council (PFMC) for Commission review. There was consensus among the Commission to send the letter to the PFMC, prior to PFMC's board meeting.

Port Director Olin invited Commissioners to view the aluminum dock gate prototype, which is on display outside of the public meeting room tonight. She stated that an update on the project will be presented to the Commission for discussion and review at a future meeting.

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Closed Session of February 13, 2018
 - b) Special Public Budget Session of February 13, 2018

c) Special Closed & Regular Public Session of February 27, 2018

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

REGULAR AGENDA

4. Aldo's Seawall Replacement Project Update by Mesiti-Miller Engineering

Discussion: Dale Hendsbee of Mesiti-Miller Engineering (MME) gave a presentation on the status of the Aldo's Seawall Replacement Project.

Mr. Hendsbee fielded questions from the Commission about project design, schedule, estimated costs and the permitting process. He highlighted the following:

- Proposed seawall design is a sheet-pile wall with tie-backs, constructed seaward of the existing wall;
- Estimated project cost is approximately \$1.9 million (this amount is higher than anticipated due to higher mobilization and demobilization costs);
- Cost of contingency was reduced from 20% to 15%;
- MME has hired a sub-contractor, Harris and Associates (who is working with the local firm EcoSystems West Consulting Group), to obtain necessary project permits;
- Process of obtaining project permits is ongoing.

Commissioner Goddard requested further research be done to ensure that the proposed project and tie-backs remain within the Port District's property.

The Commission thanked Mr. Hendsbee for his report.

5. Consideration of Application for Additional 6-Pak Charter Operation – T. Dolan

Discussion: Port Director Olin introduced Tom Dolan of *Santa Cruz Charters*.

Harbormaster Marshall stated that Mr. Dolan has operated a 6-pak charter business, *Santa Cruz Charters*, out of his commercial fishery slip on S-dock since 2007. She stated that Mr. Dolan is unable to accommodate current demand with only one 6-pak charter vessel, so he is requesting Commission approval to operate an additional 6-pak charter.

Harbormaster Marshall stated that Mr. Dolan is a certified Coast Guard captain with a 100-ton rating and is in good standing with the Port District.

Mr. Dolan thanked the Commission for their consideration and stated that he plans to purchase a new 28' to 32' commercial fishing vessel, if his request is approved. Mr. Dolan stated that he currently runs approximately 190 charters per season (April 1, through December 31), and estimates that he will double that number with approval of a second 6-pak operation.

Mr. Dolan stated that he intends to berth the new vessel in a commercial fishery slip, which Harbormaster Marshall confirmed is available and offered outside of the regular waiting list through the commercial fishery slip program.

Chairman Smith expressed concern about the potential for increased competition between existing charter operations. He expressed concern that Mr. Dolan may not be referring additional business to other charter operators, as pledged when other charters were approved by the Commission. Chairman Smith stated that while he appreciates Mr. Dolan's request, he is not supportive of authorizing an additional 6-pak charter operation.

Mr. Dolan responded that he is proposing to fill an unmet need, noting that other charter operations are often unavailable. He stated that it is his goal to bring more fishing business to Santa Cruz Harbor, not less.

Commissioner Geisreiter and Commissioner Goddard expressed support for Mr. Dolan's request.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Goddard to authorize an additional 6-pak charter operation for Tom Dolan of *Santa Cruz Charters*.

Discussion: Commissioner Gertler asked if he can abstain from voting on this agenda item. Port Director Olin explained that a quorum is needed (three affirmative votes), in order for the motion to carry.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Goddard to authorize an additional 6-pak charter operation for Tom Dolan of *Santa Cruz Charters*.

- *Motion carried. Commissioner Goddard, Geisreiter, and Gertler voting YES. Chairman Smith voting NO. Vice-Chairman Reed ABSENT.*

6. Consideration of Application for Additional 6-Pak Charter Operation – Pacific Yachting & Sailing

Discussion: Port Director Olin stated that Chardonnay Sailing Charters (Chardonnay) has requested authorization to operate an additional 6-pak charter, as part of the Pacific Yachting & Sailing (PYS) fleet.

Port Director Olin stated that staff has reviewed the request and determined that the arrangement constitutes a charter and a sublease of slip. She stated that fees will be charged accordingly for both the charter and sublease, if approved.

She stated that Mr. Kraft will be required to maintain full ownership of the vessel, and he will be subject to all District regulations governing slip license and vessel use. She stated that Mr. Kraft and Chardonay will be required to execute a standard sublease agreement at the harbor office.

Kris Reyes of Santa Cruz Seaside Company/Chardonay thanked Commissioners for their consideration.

PYS representative, Darci Bogdan, stated that *La Paz* would be the only vessel in the PYS fleet that is operated by a tiller instead of a steering wheel. She stated that this distinction makes *La Paz* especially appealing as a training tool when teaching sailing fundamentals to new students.

In response to a question posed by Commissioner Geisreiter, Port Director Olin confirmed that *La Paz* would be a part of the PYS fleet, which operates under the umbrella of Chardonay Sailing Charters.

In response to a question posed by Commissioner Geisreiter, Port Director Olin stated that a standard sublease agreement is permitted for up to six months, and a three month extension may be granted by the Harbormaster. She stated that an extension of a sublease agreement beyond nine months requires Commission approval.

Commissioner Geisreiter stated that he is supportive of the request, and suggested that the Commission authorize the sublease for a two-year period, with an expiration date of March 31, 2020.

Commissioner Geisreiter requested that Mr. Reyes resubmit the original application under the correct corporate entity name. Commissioner Goddard agreed, and requested that a correction be made to Page 28 of the packet (paragraph 3), to reflect that there is only one 6-pak charter vessel.

Commissioner Gertler asked for additional information about *La Paz's* operating plan. PYS representative Darci Bogdan stated that *La Paz* will be used for American Sailing Association basic sailing and seamanship classes and will typically have 3-4 students on board.

Commissioner Goddard stated that he is supportive of the request, emphasizing that the addition of a tiller sailing vessel in the PYS fleet will be beneficial for training purposes.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Geisreiter to authorize the request made by Chardonnay Sailing Charters (dba Pacific Yachting and Sailing) to operate an additional 6-pak charter from a subleased slip (FF-11), as a part of the Pacific Yachting and Sailing fleet, and authorize a two-year sublease agreement between Marc Kraft and Chardonnay Sailing Charters, expiring March 31, 2020.
- *Motion carried. Vice-Chairman Reed ABSENT.*

7. Award of Contract for the Pile Repair and Replacement Project 2018 – Phase I

Discussion: Port Director Olin stated that a request for proposals (RFP) for the Pile Repair and Replacement Project 2018 (Phase I) was advertised, commencing March 2, 2018. Port Director Olin stated that two bids were received and Bellingham Marine Industries, Inc., was the low bidder.

Port Director Olin stated that staff has obtained all necessary permits for the project, which authorize work to be completed over a 5-year period, ending in November 2022.

Chairman Smith asked for an anticipated commencement date for the project. Port Director Olin stated that the pile driving work window is June 15, to November 30, each year of the permit. She added that the permit limits pile removal and pile driving to 6 each per day, and Bellingham plans to use a water jetting technique to install pilings.

Commissioner Goddard stated that disposal costs for the project seem high and asked if any portion of the bid, relative to pricing, can be negotiated. Port Director Olin recommended the bid be accepted, with any changes addressed through a change order process. Additionally, FME Kerkes stated that higher disposal costs are typically associated with creosote piles, which is what the District will be removing and replacing.

Commissioner Goddard asked if there is a need for outside engineering inspection services to assist with project oversight. Port Director Olin stated that daily work inspections will be completed in house, by Facilities Maintenance and Engineering Manager Kerkes.

MOTION: Motion made by Commissioner Gertler, seconded by Commissioner Goddard to adopt the plans and specifications, award the contract to Bellingham Marine Industries, Inc.; authorize the Port Director to execute the contract; and authorize a not-to-exceed amount of \$876,250.00 for construction; and approve an appropriation from the Capital Improvement Project fund and any other funding source identified for the amount of the contract, plus a 10% contingency.
- *Motion carried. Vice-Chairman Reed ABSENT.*

8. Review / Consideration of Capital Improvement Project Financing Options (\$3,350,000)

Discussion: Port Director Olin stated that the District will be undertaking two significant Capital Improvement Projects (Aldo's Seawall Replacement Project and the Pile Repair and Replacement Project), over the next 1 to 2 years. She stated that the Port District has adequate cash reserves to proceed with both of these projects, but at the Commission's request, she is presenting preliminary financing options for review and consideration.

Port Director Olin stated that preliminary financing proposals were solicited from BBVA Compass Bank, the bank currently servicing the District's long-term debt, and Weist Law, a local firm that served as bond counsel for the 2013 debt refinance proceeding.

Port Director Olin stated that the financing proposals present various rate and term options for consideration by the Commission. A discussion ensued regarding the financing proposals.

Commissioner Goddard stated that he is supportive of pursuing financing options for long-term infrastructure projects. He acknowledged that utilizing cash reserves to fund the projects reduces overall expenses to the District because interest is not being paid, but noted that the District should consider any impacts associated with depleting cash reserves. He stated that he is also interested in looking into the possibility of utilizing a combination of cash and financing. Commissioner Goddard noted that financing long-term assets ensures that future rate payers participate in funding infrastructure projects they will benefit from. He stated that the Port District's current debt is drastically reduced in 8-12 years.

Commissioner Gertler expressed support for utilizing cash reserves rather than financing. He stated that adequate cash reserves are available to fund these projects. Chairman Smith agreed, emphasizing that there may be future projects that require financing. Chairman Smith stated that the District should keep its loan options available for future use. He noted that the west side seawall is a long-term, important infrastructure project that will need to be financed.

Commissioner Geisreiter stated that he is supportive of exploring the financing option with BBVA Compass Bank, because of the aggressive interest rate (3.38%) that is being offered. He stated that he is supportive of researching investment options for the District's current cash reserves, as a way to generate additional interest income.

Port Director Olin stated that in the event a financing option is selected for the Pile Repair and Replacement Project and work on the project is completed prior to financing documents being executed, a reimbursement resolution can

be adopted, which would allow the District to fund the Pile Repair and Replacement project through financing rather than cash reserves.

Commissioner Goddard suggested that this topic be sent to the Business-Finance Committee for review; however, the committee is comprised of Chairman Smith and Commissioner Geisreiter, so it was agreed that it is unlikely consensus will be reached. Commissioner Geisreiter suggested tabling this item. Consensus was not reached. Chairman Smith stated that this topic can be placed on a future agenda, when the full Commission is present, noting Vice-Chairman Reed's absence. Port Director Olin stated that she can add it to a future agenda.

9. Approval of Cash / Payroll Disbursements – February 2018

Discussion: Port Director Olin noted that warrant #49239, in January's cash / payroll disbursements report, was related to hazmat disposal of an illegal encampment.

MOTION: Motion made by Commissioner Gertler, seconded by Commissioner Geisreiter to approve the Cash / Payroll Disbursements for February 2018, in the amount of \$365,689.10.

- *Motion carried. Vice-Chairman Reed ABSENT.*

INFORMATION

10. Port Director's Report.

Twin Lakes Beachfront Project Update

Port Director Olin reported that the application of the shotcrete on the seawall is scheduled to begin early next week. Once the shotcrete is applied, it will take approximately three weeks to cure.

Port Director Olin stated that the County hopes to complete construction of the coastal protection structure and return sandy beach areas to public use by Memorial Day weekend, weather permitting.

PG&E North Harbor Pipeline Project

Port Director Olin stated that she has forwarded information to District legal counsel regarding easement agreements with PG&E, which the Commission will review in a future closed session.

2018 Special Districts Legislative Days

Port Director Olin stated that Commissioner Goddard will be attending the California Special District Leadership Foundation's Legislative Days in May 2018, which will provide valuable information to assist the Port District in obtaining its District of Distinction Accreditation.

O'Neill Sea Odyssey Education Center

Port Director Olin stated that O'Neill Sea Odyssey (OSO) plans to place a bronze plaque outside of 2222 East Cliff Drive, naming OSO's education center after Jack O'Neill and Harry Hind.

Santa Cruz Harbor Wifi

Port Director Olin stated that liveaboard Dennis Davie has requested that the Port District provide fast, reliable wifi access in the harbor. A discussion ensued regarding the installation of wifi in the harbor and the public bidding process required.

11. California Marine Affairs and Navigation Conference Debrief

Commissioner Goddard stated that he and Port Director Olin attended the California Marine Affairs and Navigation Conference (CMANC) in Washington D.C. He stated that the conference was valuable, and he and Port Director Olin advocated for the harbor's continued relationship with the U.S. Army Corps of Engineers and established relationships with legislators, including Congressman Jimmy Panetta.

12. Harbormaster's Report

Commissioner Gertler suggested that staff increase outreach efforts (i.e. signage, flyer, etc.), to advise mariners of entrance channel conditions, in preparation for a busy salmon season. Port Director Olin agreed.

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

Facilities Maintenance & Engineering Manager (FME) Kerkes stated that crews have deployed the Toyo pump to assist with dredging in the culvert area in the north harbor. He stated that the Toyo pump has proven to be very effective in dredging coarse-grained material. He stated that the pump's utility is currently limited by the reach of the harbor's crane, so staff is researching alternative deployment options.

A discussion ensued regarding entrance channel conditions. FME Kerkes stated that the dredge crew will continue to work to deepen the channel and shoulder areas to build capacity. He stated that the final step will be to dredge the sandy shoal which lies south of the west seawall (near Aldo's Restaurant), which will require Harbor Patrol to provide vessel traffic control while this work is underway. Port Director Olin stated that the dredge crew has extended their work schedule to include most Fridays in April.

FME Kerkes reported that the Kubota backhoe has sold for \$8,400 on online auction (public surplus), and the sale of the Caterpillar loader is pending.

14. Bi-Annual Slip Vacancy Report / Waiting List Statistics

Commissioner Goddard asked if the north harbor vacancies reflected in the report are due to shoaling in the X/J channel. Harbormaster Marshall confirmed that these slips are not rentable due to shoaling, and staff anticipates that these slips will be offered in April.

Chairman Smith observed that the number of slips offered each month is significantly higher than the number of slips accepted.

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

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

a) Comparative Seasonal Revenue Graphs

17. Crime / Incident / Citation Report – February 2018.


Commissioner Gertler asked for additional information regarding the two break-in incidents reported on G-Dock. Harbormaster Marshall stated that the incidents could be related, but there is no suspect information available.

18. Written Correspondence *(There was no discussion on this agenda item)*

a) Email from B. Cooper to Senior Deputy Harbormaster D. Kinnamon

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

Chairman Smith adjourned the regular public session at 8:54 pm.



Dennis Smith, Chairman