



Special Public Budget Session of February 9, 2016

**Santa Cruz Port Commission
MINUTES**

Commissioners Present:

Toby Goddard	Chairman
Dennis Smith	Vice-Chairman
Steve Reed	Commissioner
Reed Geisreiter	Commissioner
Bill Lee	Commissioner

SPECIAL PUBLIC BUDGET SESSION – 7:00 PM

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

1. Pledge of Allegiance
2. Oral Communication

Discussion: Port Director Ekers provided a brief update on current entrance conditions. She stated that the dredge crew has dredged approximately 115,000 CY of sand, which equates to the size of one football field, 54' deep.

3. Review of Draft FY 16 Budget

Discussion: Port Director Ekers presented the FY17 Draft Budget. Port Director Ekers highlighted the following:

- FY16 saw growth in the following revenue categories:
 - Visitor and RV Parking
 - Concession rents
 - Partnership, Sublease, Late Fees, and Electrolysis Fee
- FY16 saw a decline in the following revenue categories
 - Fishing-related sales/services (i.e. fuel, launch ramp, wash rack)
- Revenues exceed budget by approximately \$40,000.
- Expenses are approximately \$750,000 below budget due to the following: lesser amounts of resale fuel purchased, and salary savings due to vacancies in the Administrative, Operations, and Dredge Departments.
- Projected income is \$1,600,000 (prior to FY16 adjustments)

Port Director Ekers stated that the budget approach for FY17 will focus on the following:

- Continuation of programs at current levels, with the addition of a “Fishery Support” program.
- Enhance services in response to customer demands.
- Complete FEMA closeout for all tsunami projects
- Finalize procurement of replacement dredge (scheduled for arrival in May 2016).
- Reduce costs of recurring nature and ensure cost recovery where applicable.
- Maintain adequate reserve levels to respond to external factors (natural disasters, fishing activity, local economy, etc.).
- Preserve capital assets.

Port Director Ekers discussed the District’s current salaries and benefits. She stated that the total salary and benefit budget is \$46,000 (1%) above FY16 budget, which is due in part to staffing changes in the Administrative and Operations Departments, as well as a CalPERS mandated contribution to unfunded liability in the amount of \$150,000.

Port Director Ekers stated that the draft budget includes funding for one new provisional position in the Operations Department for parking coordination. Other notable changes include:

- Transfer of customer service duties to Administrative Services Department.
- Addition of second tier to Administrative Assistant position.
- Change of Assistant Harbormaster position to Senior Deputy Harbormaster
- Reduction of one Boatyard Supervisor position and addition of one Boatyard Crew position.

Port Director Ekers reviewed the FY17 Dredge Operations budget. She stated that a \$175,000 contribution to the Dredge Intermediate Fund creates a \$304,000 balance for program expenditures. She stated that \$75,000 has been budgeted for the decommissioning of *Seabright*.

Port Director Ekers stated that the new dredge is scheduled to arrive in May/June 2016. She stated that the total project cost is approximately \$4.75 million, including 8.75% sales/use tax, and engineering/inspection fees. Port Director Ekers stated that a funding gap of approximately \$260,000 exists between project appropriations and the total cost. Port Director Ekers stated that the Commission will need to determine a funding source for the remaining \$260,000. She provided a cost breakdown as follows:

- Total dredge cost is \$4,749,514.
- Project appropriations total \$3,900,000.

Special Public Budget Session of February 9, 2016

- FY17 budget proposes a \$591,000 contribution from U.S. Army Corps of Engineers reimbursement.

Port Director Ekers reviewed projected FY16 revenues and expenses for the boatyard. She stated that a net loss of -\$14,539 is anticipated, but a favorable haulout schedule for the remainder of the fiscal year (February and March) may adjust the figure, resulting in a zero net profit, rather than a loss.

Port Director Ekers reviewed recommended FY17 Capital Improvement Projects (CIP):

- Dock and Pier Rehabilitation - \$38,000
- West Side Seawall Reconstruction - \$150,000 (\$90,000 to recoup costs for previous assessments and inspections)
- Minor Building Restoration Projects - \$20,000
- Landside Infrastructure (harbor roads and parking, parking pay stations, concession lot automation) - \$220,000
- Sanitary Sewer Lift Stations - \$15,000
- Water and Sewer System Repair and Maintenance - \$30,000
- Planning Projects and Studies (West Side Master Plan, Murray Street Bridge dock reconfiguration) - \$65,000
- Harbor Security Infrastructure Upgrades - \$75,000

Port Director Ekers stated that the total proposed CIP budget for FY17 is \$613,000. She stated that the CIP list is extensive and staff does not anticipate completing every project within this budget year.

Port Director Ekers stated that the draft FY17 budget does not include a proposed slip rent increase. She stated that a rate increase may be unwarranted due to shoaled entrance conditions, the ability of the District to meet debt service covenants without an increase to slip fees, and recently received reimbursement from the U.S. Army Corps of Engineers. Port Director Ekers stated that a 1% increase to slip fees equates to \$47,000 in additional revenue.

Commissioner Geisreiter stated that he is supportive of the approved contributions to the Reserve Fund, CIP, and Dredge Intermediate Fund. In regard to the Dredge Intermediate Fund, he asked if future contributions will be reduced or adjusted, due to the District's purchase of a new dredge, noting that a new piece of equipment will require minimal maintenance. Port Director Ekers stated that a vision for future contributions is unknown. She stated that the Dredge Intermediate Fund provides funding not only for repair and maintenance of the dredge, but also for *Squirt* and ancillary equipment.

A discussion ensued about the District's ability to meet current debt service ratio covenants (DSR). Commissioner Lee asked if the District will meet the required 1.25% rate coverage and 1.40% liquidity coverage. Port Director Ekers stated

that the projected FY17 DSR is 1.36%. She stated that \$55,000 in added revenues or reduced expenditures will increase the projected DSR to the required 1.40%.

Commissioner Lee asked if the Commission is being tasked with determining a source for the \$55,000. Port Director Ekers stated that it is not an immediate concern to locate a source for the \$55,000. She stated that a portion of the \$55,000 may be generated from the sales of employee parking passes, and/or a decrease in fuel costs.

Chairman Goddard recommended that the Commission monitor the DSR and make any necessary adjustments throughout the year.

There was consensus among the Commission to approve the proposed contributions to the Reserve Fund, CIP, and Dredge Intermediate Fund.

Commissioner Geisreiter and Vice-chairman Smith expressed support for upgrading one Full Time Equivalent (FTE) Administrative Assistant position to Administrative Assistant II with supervisory responsibilities. Vice-chairman Smith stated that it will be beneficial to develop a complete job description for this position. There was consensus among the Commission to approve the FTE change.

A discussion ensued about the proposed addition of one full time provisional position for parking coordination and oversight. Port Director Ekers stated that various duties from Operations and Maintenance will be combined to create the position. Chairman Goddard asked if this position will include supervisory responsibilities. Port Director Ekers confirmed that the position does include a supervisory element.

Vice-chairman Smith asked if the position should be full time equivalent (FTE), rather than provisional, noting that a provisional position may deter qualified applicants from applying. Commissioner Reed stated that a provisional title will allow the District flexibility in determining the future of the position.

There was consensus among the Commission to approve the addition of one full time provisional position for parking coordination and oversight.

The Commission discussed the proposed FY17 CIP. Commissioner Lee suggested the following additions:

- Generate Additional Parking (utilize lot between 345 Lake Avenue and 333 Lake Avenue for additional parking)
- Harbor Security Cameras
- Grade Control Structure for North Harbor Culverts

Special Public Budget Session of February 9, 2016

Commissioner Reed stated that he is supportive of conducting a study to determine if a grade control structure at the north harbor culverts is feasible. Port Director Ekers stated that a feasibility study exists on the unfunded CIP list, and will remain there until the study is completed or removed by the Commission. Commissioner Lee requested that the project be moved to the list, but not for FY17.

Commissioner Geisreiter expressed his support for a harbor-wide security camera system, but stated that retrofitting all restroom and dock gates with electronic access is a higher priority.

Chairman Goddard asked if it is feasible to complete the West Side Master Plan within FY17. He stated that he is supportive of eliminating the project until the west side seawall is repaired. Port Director Ekers stated that developing a West Side Master Plan will be beneficial in planning all future west side projects (including seawall repairs), but noted that the project could be moved to a future fiscal year.

There was consensus among the Commission to approve the FY17 CIP as presented.

There was consensus among the Commission to not implement a slip rent increase.

4. Presentation on Construction of New Dredge

Discussion: Port Director Ekers presented information on the current status of the new dredge. She stated that Port District personnel visited the DSC plant in Louisiana and Mississippi on January 29, 2016, and saw fabrication of the dredge taking place.

She stated that the new dredge is scheduled to arrive in May.

Chairman Goddard adjourned the special closed session at 9:12 PM.

APPROVED:



Toby Goddard, Chairman