



Regular Public Session of August 23, 2016

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

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

REGULAR PUBLIC SESSION – 7:00 PM

Chairman Goddard brought the regular public session to order at 7:04 PM at the Santa Cruz Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA 95062.

1. Pledge of Allegiance
2. Oral Communication

Audience member Jean Brocklebank introduced the "Harbor Neighbors" group, which has been organized to follow the development of the parcel located at 7th and Brommer.

Vice-chairman Smith stated that the California Department of Public Health has issued a health advisory warning against consumption of rock crab, due to the detection of dangerous levels of domoic acid along the Central Coast. Vice-chairman Smith stated that this advisory may be a precursor to the Dungeness crab season, noting that commercial fisherman may be impacted again this year if the crab fishery is closed.

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Closed and Special Public Session of July 7, 2016
 - b) Regular Public Session of July 26, 2016
4. Approval of Month-to-Month Lease – Brick's Marine & Fiberglass Service

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

REGULAR AGENDA

5. Review of Draft FY16 Audit

Discussion: Kim Said of Hutchinson and Bloodgood reviewed the draft FY16 audit and reported that the District received a clean audit in all respects for the year ending March 31, 2016.

Ms. Said highlighted the following:

- Implementation of GASB 68 requires disclosure of the District's share of the net CalPERS pension liability for periods beginning after June 15, 2014. Contribution amounts to CalPERS remain unchanged.
- Implementation of GASB 68 resulted in a decrease in net position of \$2,376,348 for FY15 (prior period adjustment), resulting in a restated net position of \$25,228,315 for FY 15.
- FY16 net position increased \$1,654,982, over FY 15, for an ending net position of \$26,883,297.
- Statement of net position now includes \$2.7 million of net pension liability.
- Operating income is equal to \$1.5 million, an increase of \$400,000 over prior fiscal year.

Chairman Goddard questioned whether the Port District's debt services ratio (DSR) requirement is included in the FY16 audit document. Administrative Services Manager Olin stated that the DSR is based on final audit figures, but is not included in the audit report.

Commissioner Geisreiter and Commissioner Reed thanked staff for their efforts in preparing this year's audit. Chairman Goddard stated that he would like to obtain additional information from Hutchinson and Bloodgood on future impacts that may be related to implementation of GASB 68.

Chairman Goddard confirmed that the final audit will be presented for acceptance at the September meeting.

6. Approval of Month-to-Month Lease – Aldo's Restaurant (Temporary Location)

Discussion: Port Director Ekers reviewed the proposed lease terms and premises map for Aldo's Restaurant's temporary location on Mariner Park Lawn. She stated that Port District staff will prepare the temporary site location by removing a portion of the lawn and capping off all irrigation.

Port Director Ekers stated that Port Commission approval is required prior to issuance of a building permit by the City of Santa Cruz. She stated that

temporary restroom facilities will be provided on-site, until such time that the D-Dock public restroom is retrofitted to meet current ADA accessibility standards.

Port Director Ekers stated that the restaurant lease for 616 Atlantic Avenue will be held in abeyance until repair and replacement of the seawall and restaurant building are complete.

Commissioner Geisreiter asked if formal action is required to ensure that the lease is held in abeyance. Port Director Ekers stated that she will consult with legal counsel to determine if documentation is necessary.

A discussion ensued about minor lease language revisions.

Aldo's proprietors John Mootz and Mauro Olivieri stated that they are in agreement with the proposed lease terms and thanked staff and the Commission for their efforts in facilitating a temporary relocation plan.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Reed to approve the month-to-month lease at Mariner Park Lawn (Aldo's Restaurant temporary location), and:

- Incorporate all changes to lease language as shown in the revised sample lease (distributed at meeting);
- Remove Section 5, Paragraph B – Roof;
- Include a list of tenant improvements which will remain in the Port District's possession upon termination of month-to-month lease agreement;
- Ensure that the lease for 616 Atlantic Avenue is held in abeyance until repair and replacement of the seawall and restaurant building is complete.

- *Motion carried unanimously.*

7. Approval of Slip Leave Option Request by D. Taber

Discussion: Harbormaster Marshall stated that approval of Mr. Taber's request will not compromise the existing multi-hull waiting list. Additionally, she stated that staff has arranged for the slip to be filled on a temporary basis for the duration of Mr. Taber's leave.

Mr. Taber stated that he is willing to provide the Port District with 30 days' notice prior to returning.

MOTION: Motion made by Commissioner Reed, seconded by Commissioner Lee to approve the request by Don Taber to return to multi-hull slip, S-24, after leave of absence.
- *Motion carried unanimously.*

8. Approval of Fendering System for *Twin Lakes*

Discussion: Port Director Ekers stated that Ancil Taylor of Bean Consulting has obtained a quote from Dredge Supply Company (DSC) in the amount of \$33,000 for the purchase of a fendering system (aircraft tires and steel hubs) for *Twin Lakes*. Port Director Ekers stated that installation costs are still being determined and are not included in the quoted price of \$33,000.

A discussion ensued about the installation method for the fendering system. Port Director Ekers stated that installation work will be performed while *Twin Lakes* is in the water.

Commissioner Reed asked if there is an estimated timeline for completion. Facilities Maintenance and Engineering Manager Kerkes stated that a definitive timeline will be determined upon receipt of installation specifications. Port Director Ekers stated that delivery is approximately 14-28 days out.

MOTION: Motion made by Commissioner Lee, seconded by Vice-chairman Smith to approve the purchase of an after-market fixed fendering system for the dredge *Twin Lakes* in an amount not to exceed \$70,000.

Discussion: Chairman Goddard expressed his support for the purchase and suggested that the contingency amount be increased, for a total project cost not to exceed \$75,000.

MOTION: Motion made by Commissioner Lee, seconded by Vice-chairman Smith to approve the purchase of an after-market fixed fendering system for the dredge *Twin Lakes* in an amount not to exceed \$75,000.
- *Motion carried unanimously.*

Approval of Cash / Payroll Disbursements – July 2016

MOTION: Motion made by Commissioner Lee, seconded by Commissioner Geisreiter to approve cash/payroll disbursements for July 2016, in the amount of \$2,222,464.37
- *Motion carried unanimously.*

INFORMATION

10. Port Director's Report

Seabright Removal

Port Director Ekers stated that the contract for removal of *Seabright* stipulates that the project be complete by Friday, August 26, 2016, but an extension to August 29 or 30 may be granted to the contractor.

ADA Lift at Fuel Dock

Port Director Ekers stated that the ADA lift located at the fuel dock is in need of replacement. She stated that the estimated cost for replacement is approximately \$34,000, with a funding source still to be determined.

Commissioner Reed asked if routine maintenance is performed on the lift. Facilities Maintenance and Engineering Manager Kerkes stated that the lift was repaired approximately 3 years ago, but has since become inoperable.

In response to a question posed by Chairman Goddard, Port Director Ekers stated that staff will look into the lift's intended use (public access vs. private benefit of business at 2210 East Cliff Drive).

2016-17 Dredge Schedule

Port Director Ekers stated that north harbor dredging is scheduled to commence October 3, 2016. She stated that approval to operate *Squirt* and the Toyo Pump has been received by all regulatory agencies.

Commissioner Lee emphasized the importance of north harbor dredging, stating that it is imperative to complete this season.

Twin Lakes Beachfront Project

The County of Santa Cruz has begun performing public outreach for the upcoming Twin Lakes Beachfront Project. A ground breaking ceremony is scheduled for Tuesday, September 15, 2016.

11. Harbormaster's Report

Harbormaster Marshall stated that citations have been issued to all unregistered vessels, including vessels not displaying current registration stickers. She stated that the citations will be dismissed upon providing proof of registration.

12. Facilities Maintenance and Engineering Manager's Report

In response to a question posed by Vice-chairman Smith, Facilities Maintenance and Engineering Manager Kerkes stated that the inspection report for 493 Lake Avenue is complete and staff is working to repair deficiencies listed in the report.

13. Review of O'Neill Sea Odyssey Slip Rent Reduction / Charter Fee

Commissioner Geisreiter asked for additional information on the calculation split between O'Neill Sea Odyssey and O'Neill Yacht Charters. Port Director Ekers stated that the calculation split is based off of the actual number of uses by each organization, rather than usage based on run-time (hours) of the *Team O'Neill* catamaran. Port Director Ekers stated that there has been an increase in charter usage.

14. Bi-Annual Slip Vacancy Report / Waiting List Statistics *(There was no discussion on this agenda item)*

15. Review of Delinquent Accounts *(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 Graph

17. Crime/Incident/Citation Report – July 2016

In response to an incident on July 31, 2016, Chairman Goddard asked if the contracted City lifeguards, who are responsible for patrolling Harbor Beach, are well informed of the rules and regulations pertaining to the catamaran launch area. Harbormaster Marshall stated that the lifeguards are aware of the launch zone and enforce the rules and regulations accordingly.

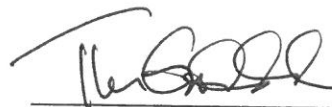
18. Written Correspondence *(There was no discussion on this agenda item)*

a) Letter from G-Dock Slip renters to Port Commissioners

b) Letter from B. Foss to Port Director Ekers

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

Chairman Goddard adjourned the regular public session at 7:47 PM



Toby Goddard, Chairman