



Regular Public Session of August 27, 2024

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

Stephen Reed	Chair
Dennis Smith	Vice-chair
Toby Goddard	Commissioner
Reed Geisreiter	Commissioner
Darren Gertler	Commissioner

REGULAR PUBLIC SESSION – 5:30 PM

Chair Reed convened the regular public session at 5:30 PM at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz CA (hybrid meeting platform).

1. Pledge of Allegiance
2. Oral Communication

Vice-chair Smith requested that agenda item 7 be postponed to a future meeting to allow additional time for public notification. Chair Reed stated that the Commission will proceed with hearing the item as scheduled and then determine whether to table it for a future discussion.

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Closed and Special Public Meeting of July 2, 2024
 - b) Special Closed and Regular Public Meeting of July 23, 2024

MOTION: Motion made by Commissioner Gertler, seconded by Commissioner Geisreiter to approve consent agenda item 3.
- *Motion carried unanimously.*

REGULAR AGENDA

4. Review Draft FY24 Audited Financial Statement

Discussion: Port Director MacLaurie introduced Paul Kaymark of the auditing firm, Nigro & Nigro.

Mr. Kaymark reviewed the draft FY24 audit and reported that the District received a clean, unmodified opinion in all respects for the audit year ending

March 31, 2024. Mr. Kaymark stated that the Port District did not adopt any new accounting policies in FY24.

Mr. Kaymark highlighted the following:

- Operating revenues decreased \$152,933 from \$11,611,323 to \$11,458,390 from the prior fiscal year. Contributing factors include:
 - Berthing and services revenue was down \$113k (due to salmon season closure).
 - Rent and concessions were down by \$39k.
- Operating expenses increased \$1.8 million from \$9,749,572 to \$11,483,202 from the prior fiscal year. Contributing factors include:
 - Salaries and benefits increased by \$1.4 million (primarily due to non-cash pension liabilities).
 - Insurance costs increased by \$576k.
- Non-operating revenues included:
 - Investment earnings of \$802k, an increase of \$573k (primarily from CLASS).
 - Grants and contributions received \$88k.
 - The Port District received \$525k in dredging reimbursements.
- Net cash flow increased by \$4.4 million, largely due to:
 - Cash received from the City of Santa Cruz for the Murray Street Bridge Project escrow funding was \$4,749,000.
 - Cash used to pay down long-term debt was \$1.3 million.

In response to a question posed by Commissioner Goddard, Mr. Kaymark stated that the FY24 audit now includes a balance sheet rather than a statement of net position, noting that the key difference is that a balance sheet provides a snapshot of the Port District's assets, liabilities, and equity at a specific point in time, while the statement of net position focuses more on overall financial health by including deferred inflows and outflows along with net assets.

The Commission provided direction to incorporate the following modifications into the FY24 Audited Financial Statement for review and action at the upcoming regular public session of September 24, 2024:

- Add language to address the reduction in marine general liability coverage limits in FY24 due to increasingly high insurance premium renewal rates (Note 14, page 40).

In response to a question posed by Chair Geisreiter, Port Director MacLaurie stated that the preliminary Debt Service Ratio (DSR) is favorable and exceeds the minimum 1.25 threshold.

Port Director MacLaurie stated that the final audit will be presented to the Commission for acceptance at the regular public session of September 24, 2024.

Commissioners thanked staff for their efforts in preparing this year's audit.

5. Award of Contract for Economic Impact Assessment (NTE \$37,500)

Discussion: Port Director MacLaurie stated that the FY21 budget originally included \$25,000 for the development of an informational report on the economic benefit of Santa Cruz Harbor. She stated that although this funding was eliminated due to COVID-19 mitigation measures, assessing the harbor's economic impact remains a priority.

John Martin of Martin Associates provided a brief overview of the scope of work and discussed how the economic data will be compiled and utilized. Mr. Martin highlighted the following questions:

- The Port District will pose key questions and focus areas upfront to ensure the assessment addresses all relevant concerns.
- The assessment will encompass the regional economic impact, focusing on multiple counties.
- The assessment will differentiate the economic impacts of commercial fishing activities from other harbor-related operations, such as boatyard and retail business (tackle shop) activities.
- The assessment is intended for various audiences, including the general public, neighboring agencies, regulatory agencies, and other stakeholders, to demonstrate the harbor's economic contributions.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Goddard to authorize the Port Director to execute a contract with Martin Associates in an amount not to exceed \$37,500 for purposes of conducting an Economic Impact Assessment; and approve an appropriation in the FY25 budget for the amount of the contract.

- *Motion carried unanimously.*

6. Consideration of 6-Pak Charter Permit Application – Sweaty Sheep Ministries (R. Althaus)

Discussion: Harbormaster Anderson provided an overview of Mr. Althaus' current vessel activities and proposed 6-pak charter permit application.

After extensive review and deliberation, the Commission determined that due to the documented safety concerns associated with Mr. Althaus' vessel operation, 6-pak charter approval could not be granted.

MOTION: Motion made by Commissioner Goddard, seconded by Chair Reed to deny the 6-pak charter application for Ryan Althaus of Sweaty Sheep Ministries.
- *Motion carried unanimously.*

7. Consideration of a Formal Name for 2222 East Cliff Drive

Discussion: Commissioner Goddard stated that he requested this item be included for consideration as part of tonight's meeting to establish a formal name for the Port District-owned building at 2222 East Cliff Drive. He stated that after a thorough historical review of the Port District's archives, no formal name has ever been assigned to the building.

Commissioner Goddard proposed "Santa Cruz Waterfront Center" as the formal name and stated that it is his opinion that this name reflects the building's significant waterfront location and aligns with central activities that occur in the vicinity.

Dan Haifley, former Executive Director of O'Neill Sea Odyssey, presented a detailed history of the building, highlighting Jack O'Neill's role in its original construction. Mr. Haifley advocated for a more extensive public process to establish a formal name for the building that would incorporate the O'Neill name.

Vice-chair Smith requested that this item be postponed to a future meeting to allow additional time for public notification and comment. He stated that while he is not opposed to adopting a formal name for the building, it is his opinion that the name should reflect the rich history associated with Jack O'Neill and the harbor.

Commissioner Goddard stated that assigning Santa Cruz Waterfront Center as the formal name for the building will not diminish any historical contributions associated with Jack O'Neill. He stated that the building's second story classroom utilized by the O'Neill Sea Odyssey Program will remain as the Jack O'Neill and Harry Hind Education Center.

Chair Reed stated that while the Port District is committed to preserving the historical legacy associated with Jack O'Neill, it can pursue alternate avenues for sharing that history through the Santa Cruz Museum of Art and History, historical pamphlets, etc.

Commissioner Geisreiter stated that the Port District does not have a formal policy that provides direction on naming Port District-owned buildings. He stated that it is his opinion that the Commission can proceed with assigning Santa Cruz Waterfront Center as the formal name for the building, while still honoring the past.

Commissioner Gertler stated that he is not opposed to assigning a formal name to the building, but requested that a more inspiring name that reflects the history of the building be considered.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Geisreiter to establish a formal name for the Port District's building at 2222 East Cliff Drive as the Santa Cruz Waterfront Center.

Discussion: Vice-chairman Smith expressed opposition to the motion and requested that the Commission postpone this item to a future meeting to allow additional time for public notification and input.

- *Motion carried. Commissioners Reed, Goddard, and Geisreiter voting YES. Commissioners Smith and Gertler voting NO.*

8. Award of Contract for Metal Canopy Structure Project

Discussion: Port Director MacLaurie stated staff recommends the award of contract to SSB Construction for the Metal Canopy Structure Project to facilitate relocating approximately 45 kayaks and rowing sculls from the area of FF-Dock prior to the commencement of the City of Santa Cruz's Murray Street Bridge Seismic Retrofit & Barrier Replacement Project, which is scheduled to commence in early 2025.

In response to a question posed by Commissioner Geisreiter, Port Director MacLaurie confirmed that funding for this project is available in the Capital Improvement Program Murray Street Bridge (F024) fund, which as of July 31, 2024, has an available balance of \$4,535,716 and \$223,000 allocated for this relocation project.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Gertler to authorize the Port Director to execute a contract for the Metal Canopy Structure Project with a not to exceed budget of \$128,100, and to approve an appropriation in the FY25 budget for the amount of the contract plus a contingency.

- *Motion carried unanimously.*

9. Approval of Cash/Payroll Disbursements – July 2024

Discussion: In response to questions posed by the Commission, staff provided additional information on the following warrants:

- Warrant # 60281 – RIPALog, LLC
Harbormaster Anderson stated that this annual reporting service is used to report RIPA stop data to the Department of Justice as

required by California AB 953, the Racial and Identity Profiling Act (RIPA).

- Warrant # 60245 & 60314 – Dredging Supply Company, Inc. Finance Officer Eldridge stated that one of the two spare hydraulic motor pistons purchased for *Twin Lakes* was returned.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Geisreiter to approve cash and payroll disbursements for July 2024, in the amount of \$1,965,178.49.
- *Motion carried unanimously.*

10. Port Director's Report

Port Director MacLaurie reported that a Notice of Vacancy for the Board of Commissioners has been widely advertised, including a direct mailer sent to all registered voters in Division 2 (approximately 15,000 recipients).

11. Harbormaster's Report

Harbormaster Anderson reported that Albacore tuna have been caught off the coast of Santa Cruz, marking the first time these fish have been within reach of the harbor since 2013. He stated that if the Albacore remain in the area, an increase in launch activity, visitor berthing, and fuel sales is expected.

In response to a request made by Commissioner Geisreiter, Harbormaster Anderson stated that staff will include a comparative landing data graph in the fisheries report moving forward.

12. Facilities Maintenance & Engineering Manager's Report

Facilities Maintenance & Engineering Manager Wulf stated that the North Harbor Transformer Replacement Project is underway and that the project completion date is anticipated to be February 2025.

13. Sea Scouts' Biannual Report

Santa Cruz Sea Scouts' Skipper, John Fisher, provided an overview of the Sea Scouts program, emphasizing its success in meeting objectives and increasing the number of registered Scouts, which currently stands at 34, with 25% female membership.

The Commission expressed appreciation for the Sea Scouts' program and thanked Skipper John Fisher for providing a detailed report.

14. Financial Reports (*There was no discussion on this agenda item*)
 - a) Comparative Seasonal Revenue Graph
 - b) LAIF and CLASS Statements
15. Delinquent Account Reporting (*There was no discussion on this agenda item*)
16. Harbor Patrol Incident Response Report – July 2024 (*There was no discussion on this agenda item*)
17. Port Commission Review Calendar / Follow-Up Items (*There was no discussion on this agenda item*)

Chair Reed adjourned the regular public session at 7:30 PM.



Stephen Reed, Chair