



Regular Public Session of April 28, 2020

**Santa Cruz Port Commission
MINUTES**

Commission Members Present (via teleconference):

Stephen Reed	Chairman
Toby Goddard	Vice-chairman
Dennis Smith	Commissioner
Darren Gertler	Commissioner
Reed Geisreiter	Commissioner

REGULAR PUBLIC SESSION – 7:00 PM

Chairman Reed convened the regular public session at 7:00 PM via teleconference at the Santa Cruz Harbor Office, 135 Lake Avenue, Santa Cruz, CA 95062.

1. Pledge of Allegiance
2. Oral Communication

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Public Session of February 11, 2020
 - b) Regular Public Session of February 25, 2020
 - c) Special Emergency Meeting of March 16, 2020
4. Approval of Clean Oceans International Sublease – 345 Lake Avenue, Suite F (Tenant: Monterey Bay National Marine Sanctuary Foundation)
5. Approval of Resolution 20-04 - Reducing Full-Time Equivalent Staffing by One (1) Position
6. Approval of Resolution 20-05 - Designating Peace Officer Status to Landon Gottlieb
7. Approval of Declaration Designating Authorized Signers for the Port District's Checking Account

Discussion: Port Director Olin stated that a correction to Resolution 20-05 has been made to reflect a language change from Harbor Police to Harbor Patrol. She noted that Landon Gottlieb was sworn in this afternoon.

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

REGULAR AGENDA

8. Review of FY21 Budget Impacts and Responses Relative to COVID-19

Discussion: Port Director Olin reviewed the proposed FY 21 budget adjustments in response to impacts related to COVID-19. She highlighted the following:

- Three revenue reduction scenarios are presented for review (16%, 20%, and 50%)
- Extent of non-payments or business failures is unknown at this time.
- Recommend Commission review of the financial impacts in approximately 4 to 6 months.
- May recognize cost savings as a result of the public health emergency (i.e. water sewer, etc.).
- May incur unanticipated expenses as a result of the public health emergency (i.e. abandoned vessel disposal)

Port Director Olin requested the Commission review the proposed funding reallocations and expense reductions as outlined below:

- Eliminate \$590,000 contribution to the Capital Improvement Fund (CIP)
 - \$510,000 remains in the Unallocated CIP and may be used for identified priority projects that arise during FY21.
- Eliminate \$127,410 contribution to the Reserve Fund
- Reduce Capital Outlay from \$52,000 to \$15,000 (eliminate truck replacement, clamshell attachment for backhoe)
- Reduce Dredge Intermediate Fund (DIF) contribution from \$416,091 to \$186,091 (eliminate Toyo Barge; reduce funding for pipeline)
- Reduce operating budget by \$406,754 (labor and expense reductions).

There was consensus among the Commission to approve the proposed funding reallocations and expense reductions. Vice-chairman Goddard stated that it will be beneficial to review the financial impacts sooner than the 4 to 6-month timeframe, and proposed a quarterly review to see if additional measures or pull-back may be warranted. (The first quarter review will be in July.) Additionally, he expressed support for continuing priority capital improvement projects, such as paving repairs and building maintenance (to be funded from the Unallocated CIP fund).

A brief discussion ensued regarding identifying priority projects to be paid for by funding in the Unallocated (CIP). Port Director Olin highlighted the following priority projects:

- 7th and Brommer Reconfiguration
- Pier Rehabilitation
- Concession Lot Restroom Rehabilitation
- Concession Lot ADA Parking Improvements

- Paving and Sealing
- Building Maintenance

Port Director Olin stated that the Commission previously acted to waive late fees and interest charges and forestall the eviction and slip revocation process due to delinquency through June 30, 2020. She reported an additional relief measure initially proposed by Commissioner Geisreiter is being presented for review and approval which would offer standardized payment plans to landside tenants and marina customers suffering financial hardship.

The Commission expressed support for offering the proposed standardized payment plan with the following additions:

- Acknowledgment will include language that states “I, the undersigned, have read, understand, and agree to the terms of the payment plan...”
- Eligible customers must be in good standing with the District but are permitted to carry a balance forward prior to entering a payment plan, even if the past due balance predates the public health emergency.
- Chairman Reed requested District counsel review the payment plan document.

Port Director Olin recommended the Commission waive charter fees for the duration of the shelter-in-place order, which currently prevents charters from operating.

The Commission expressed support for waiving charter fees retroactive to April 1 and ending when the County Health Officer allows that type of business to reopen, or as conditions change.

Port Director Olin requested that the Commission provide guidance on any other interim budget and/or relief measures that may be necessary.

Commissioner Gertler questioned whether additional measures are warranted to prop up the commercial fishery. A brief discussion ensued regarding impacts to the commercial fishery. Commissioner Smith stated that it will be important to be mindful of the commercial fishery as time progresses.

Commissioner Geisreiter stated that it will be imperative for the District to initiate communications with BBVA Compass Bank to modify the District’s debt service ratio requirement for FY21, as it will certainly fall below the required 1.25 threshold. He stated that it may be possible to negotiate a one-time waiver or modification. There was consensus among the Commission for Port Director Olin and Commissioner Geisreiter to begin discussions with BBVA.

MOTION: Motion made by Vice-chairman Goddard, seconded by Commissioner Smith to:

1. Approve proposed funding reallocations and expense reductions identified in Study 1 (to be reviewed quarterly by the Port Commission), and include the following list of priority projects to be paid for by funding in the unallocated Capital Improvement Program (CIP):
 - 7th and Brommer Reconfiguration
 - Pier Rehabilitation
 - Concession Lot Restroom Rehabilitation
 - Concession Lot ADA Parking Improvements
 - Paving and Sealing
 - Building Maintenance
2. Authorize relief measures for landslide tenants and marina customers governed by leases or license agreements suffering financial hardship in the form of an extended, standardized payment plan with no accrual of late fees or interest through March 31, 2021, if terms of the payment plan are met; eligible customers must be in good standing with the District and are permitted to carry a balance forward prior to entering into a payment plan.
3. Waive charter fees for the remaining duration of the shelter-in-place order, retroactive to April 1, and ending when the County Health Officer allows that type of business to reopen, or as conditions change.
4. Direct staff and Commissioner Geisreiter to initiate communications with BBVA Compass Bank to modify the District's debt service ratio requirement for FY21.
 - *Motion carried unanimously by roll call.*
 - *Reed: YES*
 - *Goddard: YES*
 - *Smith: YES*
 - *Gertler: YES*
 - *Geisreiter: YES*

9. Approval of Notice of Completion for Aldo's Seawall Replacement Project

Discussion: Port Director Olin recommended that the Commission accept the work of Granite Construction and authorize the Port Director to file the Notice of Completion once minor punch list items are completed by Granite.

Port Director Olin noted that once the Notice of Completion is filed, Aldo's Restaurant will be notified and the 3-month timeline to secure financing under the lease agreement will commence.

MOTION: Motion made by Vice-chairman Goddard, seconded by Chairman Reed to approve the notice of completion for Aldo's Seawall Replacement Project.
 - *Motion carried unanimously by roll call.*

- *Reed: YES*
- *Goddard: YES*
- *Smith: YES*
- *Gertler: YES*
- *Geisreiter: YES*

10. Approval of Cash / Payroll Disbursements – February and March 2020

Discussion: Staff responded to questions about the warrants as follows:

- Warrant # 53043 & 53113: Outstanding invoice from 2018 (originally billed to Santa Cruz Metro in error) for oil absorbent boom and pads.
- Warrant # 53059: Planned project initiated a year ago to replace aged carpet at 333 Lake Avenue (Bayside Marine). The project was delayed to accommodate the tenant’s retail operation.

MOTION: Motion made by Chairman Reed, seconded by Commissioner Smith to approve the cash and payroll disbursements for February 2020 in an amount of \$615,214.35 and March 2020 in an amount of \$659,637.74.

- *Motion carried unanimously by roll call.*

- *Reed: YES*
- *Goddard: YES*
- *Smith: YES*
- *Gertler: YES*
- *Geisreiter: YES*

INFORMATION

11. Port Director’s Report

Insurance

Port Director Olin informed the Commission of her intent to bind insurance coverage for FY21. She stated that the FY21 estimate for coverage is approximately \$279,614, which represents an \$8,200 increase over the prior year. She stated that the total premium payment remains under FY21 budget projections.

7th and Brommer Lot Rental Agreement

Port Director Olin stated that the Port District did not require use of the 7th and Brommer overflow parking lot in April, so commencement of the lease was delayed until May. The monthly rate increased to \$1,200 / month.

CalPERS Audit for Temporary Upgrade Pay

Port Director Olin stated that the District recently completed a CalPERS audit for Temporary Upgrade Pay. The audit resulted in zero findings.

COVID-19 Sanitation Expense

Port Director Olin noted an additional expense of \$200 per day for Bay Building Janitorial to provide additional cleaning services of the harbor offices and restrooms twice daily as part of the COVID-19 response measures.

Verizon Cell Tower Lease Agreement

Negotiations restarted on a small cell tower lease, though the process has slowed over the past 2-months because of COVID-19 response measures. Counsel McClure has indicated he is available to finish this negotiation. Verizon completed a frequency study, which did not reveal any issues.

Available Office Space at 413 Lake Avenue, Suite 104

Port Director Olin stated that the District has office space available for rent at 413 Lake Avenue, Suite 104. She stated that Pacific Yachts vacated the property on March 31, 2020, and maintenance staff will make improvements to the space prior to occupancy by a new tenant.

Concession Lot Parking Automation

Port Director Olin stated that due to the COVID-19, the concession parking lot has been unattended since March 16. She stated that the new equipment installed earlier this year is designed to operate unattended and a transition to a fully automated system will commence on May 1.

Pappy Park Plaque

Port Director Olin stated that the plaque for Pappy Park, dedicated in honor of Ed Larson, has been fabricated and installed near the harbor office. She stated that Mr. Larson expressed his gratitude for the plaque and display.

Water Taxi

Port Director Olin stated that the USCG District Office has determined that the Santa Cruz Harbor water taxi is not subject to regulations for Small Passenger Vessels. She added that while this is welcome news, due to COVID-19 and social distancing requirements the water taxi service is not likely to begin operations until next summer.

12. Harbormaster's Report

Harbormaster Anderson stated that a Deputy Harbormaster Landon Gottlieb was sworn into office earlier today. He stated that Chairman Reed was in attendance.

Harbormaster Anderson reported that staff is actively pursuing plans to reopen the launch ramp on a limited basis to serve dry storage renters and existing annual launch ramp pass holders.

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

FME Manager Kerkes stated that failure with the dozer diesel exhaust fluid (DEF) system has been repaired under warranty.

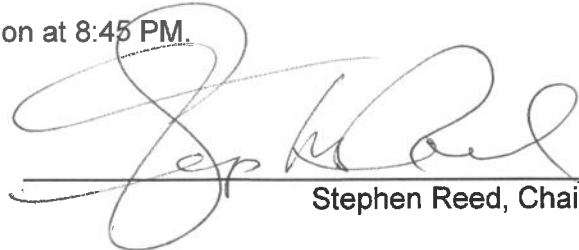
FME Manager Kerkes stated that maintenance crews will begin performing essential landscaping of the harbor grounds on Monday, May 4, 2020. He stated that several essential building maintenance projects are also scheduled.

FME Manager Kerkes stated that over the last month maintenance crews have responded to numerous lift station issues.

Chairman Reed expressed his appreciation to the dredge crew for their hard work in maintaining the federal navigation channel this year. He stated that the depths reflected on the current sounding are very favorable.

14. Bi-Annual Slip Vacancy Report / Waiting List Statistics *(There was no discussion on this agenda item)*
15. Financial Reports *(There was no discussion on this agenda item)*
 - a) Comparative Seasonal Revenue Graphs
 - b) Preliminary Year-End Budget Report as of March 31, 2020
 - c) Quarterly Boatyard Report as of March 31, 2020
 - d) Quarterly Fuel Dock Report as of March 31, 2020
 - e) Quarterly Concession Income Report as of March 31, 2020
16. Delinquent Account Reporting *(There was no discussion on this agenda item)*
17. Harbor Patrol Incident Response Report – February and March 2020 *(There was no discussion on this agenda item)*
18. Written Correspondence *(There was no discussion on this agenda item)*
 - a) Letter to Congressman Panetta, from Chairman Reed
 - b) Letter to Senator Feinstein, from Chairman Reed
 - c) Letter to Senator Harris, from Chairman Reed
19. Port Commission Review Calendar / Follow-Up Items *(There was no discussion on this agenda item)*

Chairman Reed adjourned the regular public session at 8:45 PM.



Stephen Reed, Chairman