



Special Closed and Special Public Session of August 10, 2021

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

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

SPECIAL PUBLIC SESSION – 9:00 PM

Chairman Goddard convened the special public session at 9:00 AM at the Santa Cruz Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA 95062.

1. Oral Communication
2. Announcement of Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54956.9(d)(2)

At 9:00 AM, Chairman Goddard announced the Commission will meet in closed session to discuss agenda item 3.

SPECIAL CLOSED SESSION

3. Conference with Legal Counsel – Anticipated Litigation (2 Cases)

SPECIAL PUBLIC SESSION

4. Action and Vote Disclosure after Closed Session Pursuant to Government Code (Ralph M. Brown Act) Section 54957.1

Chairman Goddard announced that the Commission took no reportable action in closed session on item 3.

5. Oral Communication

Following Chairman Goddard's call for public comment, he noted that neither the plaintiff Avaraham Sabaduqui or the plaintiff's attorney Micah Fargey were in attendance.

6. Resolution Declaring the Santa Cruz Port District's Intent to Transition from an At-Large Port Commission Election Process to a District-Based Election Process

Discussion: Port Director Olin stated that the Port District received a letter from attorney Micah Fargey in January 2021, threatening to file suit if the Port District did not transition from an at-large election process to a by-district election process, claiming the current at-large system violates the California Voting Rights Act (CVRA).

Port Director Olin stated that the law provides public agencies with the opportunity to adopt a resolution of intention to transition to district-based elections and avoid litigation, though the law also mandates payment of attorneys' fees totaling approximately \$30,000. She stated that because of the pandemic, and Governor Newsom's Executive Order of April 9, 2020, the statutory timeline was temporarily suspended giving the Port District additional time to learn more about the process and consider its options.

Port Director Olin stated that the Executive Order was lifted as of July 1, 2021, and noted that Port District Counsel Barbara Choi recommends the Commission adopt a resolution declaring its intention to transition to district-based elections by no later than August 16, 2021.

Port Director Olin recommended the Commission adopt the resolution expressing its intent to transition to district-based elections and highlighted the following:

- The attached resolution expresses the Commission's intention to transition to district-based elections by the 2024 election.
- The costs associated with transitioning are estimated at \$100,000 or less, and will likely be expensed over three fiscal years (FY22, FY23, and FY24).
- No funds are included in the FY22 budget for expenses incurred this year.
- The Commission can elect to cover current unbudgeted expenditures out of any surplus funding from the FY22 budget and/or unreserved cash as needed. The staff report outlines the possibility of using reserve funds to cover the expenditure; however, that option is deemed impractical.

In response to a question posed by Commissioner Reed, Counsel Choi stated that the District will contract with a qualified demographer to assist in the transition process and conduct the required public outreach.

MOTION: Motion made by Commissioner Reed, seconded by Commissioner Smith to approve Resolution 21-03.

Discussion: Commissioner Smith stated that while he is in support of the resolution declaring intent to transition to district-based elections, he opposes the

timeline for the 2024 transition in favor of an earlier timeline (prior to the 2022 election). Commissioner Gertler agreed.

MOTION: Motion made by Commissioner Reed, seconded by Commissioner Smith to approve Resolution 21-03, and to cover the current unbudgeted expenditures out of surplus funding from the FY22 budget.

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

7. Approval of Resolution 21-04, Approving the Possession and Use Agreement Between the City of Santa Cruz and Santa Cruz Port District for Purposes of Constructing the Murray Street Bridge Seismic Retrofit and Barrier Replacement Project

Discussion: Port Director Olin stated that the Port Commission reviewed the draft Possession and Use Agreement in closed session on July 27, 2021. She stated that the final draft is presented for approval and highlighted the following:

- The Port District did not accept the settlement agreement offered by the City's consultant, Bender Rosenthal, Inc., and will be obtaining an independent appraisal to confirm temporary and permanent easement impacts and associated costs for each;
- The Possession and Use Agreement is being executed as an interim measure while the City and Port District continue to negotiate terms of a final settlement agreement;
- Delivery of the District's independent appraisal report is estimated to be 60 to 120 days out;
- The Possession and Use Agreement is an agreement between the parties to negotiate in good faith on a future settlement agreement and grants possession and use of portions of the Port District's property to accommodate the project.

In response to a question posed by Chairman Goddard, Joshua Spangrud, Senior Civil Engineer for the City of Santa Cruz, confirmed that while the project's right of possession date is listed as September 1, 2021, construction is not anticipated to begin for several months.

District Counsel Barbara Choi stated that the City's attorney has confirmed that the preliminary start/end dates are required for CalTrans to release project funding and confirmed that construction will not begin until after all estimates, appraisals, and permanent agreements are compiled.

Vice-chairman Geisreiter stated that it will be imperative for the City to perform robust public outreach to inform the community of the project's impacts. He encouraged the City to extend outreach beyond the harbor

community and adjacent neighborhoods. Mr. Spangrud confirmed that a community meeting will be held in the coming months following broad public outreach efforts.

Port Director Olin stated that despite best efforts, nothing about the agreements between the Port District and City of Santa Cruz will make this project easy when construction is underway.

MOTION: Motion made by Vice-chairman Geisreiter, seconded by Commissioner Smith to approve Resolution 21-04, approving the Possession and Use Agreement (“Agreement”) and Memorandum of Possession and Use Agreement (“Memorandum”) between the City of Santa Cruz and the Santa Cruz Port District; and, authorize the Port Director to execute the Agreement and Memorandum documents.

- *Motion carried unanimously.*

Chairman Goddard adjourned the special public session at 10:08 AM.

Toby Goddard, Chairman



Regular Public Session of August 24, 2021

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

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

REGULAR PUBLIC SESSION – 7:00 PM

Chairman Goddard convened the regular public session 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

Chairman Goddard introduced Interim Port Director Holland MacLaurie, and noted that recruitment for the Port Director position is scheduled to close on August 27, 2021.

On behalf of the Santa Cruz Yacht Club, audience member Robert Dewitt thanked staff and the Commission for their support in making the 29th Annual Day on the Bay Regatta event a success.

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Closed Meeting of July 16, 2021
 - b) Special Closed & Regular Public Meeting of July 27, 2021
 - c) Special Closed Meeting of July 28, 2021
4. Approval of Sublease Agreement from Nexus Wealth Advisors – 365B Lake Avenue, South Office & Northeast Office (Tenant: Boxine USA)

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

REGULAR AGENDA

5. Review Draft FY21 Audited Financial Statement

Discussion: Interim Port Director MacLaurie introduced Kim Said of the auditing firm, Hutchinson and Bloodgood.

Ms. Said reviewed the draft FY21 audit and reported that the District received a clean, unmodified opinion in all respects for the audit year ending March 31, 2021. Ms. Said stated that the Port District did not adopt any new accounting policies in FY21.

Ms. Said highlighted the following:

- Operating income was \$396k, down approximately \$214k over the prior fiscal year. Contributing factors include:
 - Revenue decreased 3% primarily related to concession rent and parking (due to COVID-19 pandemic).
 - Expenses were within 1% of prior year. Various costs, such as fuel cost and professional fees, decreased.
 - Decreases were offset by depreciation expense.
- Overall decrease in non-operating revenue from prior year. Contributing factors include:
 - Decreased interest income primarily from LAIF
- Net cash flow increased \$921k in the current year. Contributing factors include:
 - Cash received from operations was \$2.9 million.
 - Cash used to pay down long-term debt was \$1.3 million.
- GASB 68 net pension liability increased over the prior year by \$336k. The deferred inflows and outflows both decreased from the prior year.
- GASB 75 net OPEB liability increased \$245k over the prior year.

A brief discussion ensued regarding the District's debt service ratio (DSR). Vice-chairman Geisreiter noted that despite COVID-19 related budget impacts, the District's DSR is favorable and exceeds the minimum 1.25 threshold.

The following items were discussed:

- Page 3: Consider adding additional information to the Management Discussion and Analysis to demonstrate the steps take by the Commission to address COVID-19 related impacts during the fiscal year.
- Consider adding the CalPERS Unfunded Accrued Liability reports for reference.

Interim Port Director MacLaurie stated that the following comments will be taken into consideration and any necessary corrections will be made prior to

the presentation of the final audit at the regular public session of September 28, 2021.

6. Approval of Cash / Payroll Disbursements – July 2021 (*There was no discussion on this agenda item*)

MOTION: Motion made by Commissioner Smith, seconded by Commissioner Gertler to approve cash and payroll disbursements for July 2021, in the amount of \$1,718,356.82.
- *Motion carried unanimously.*

INFORMATION

7. Port Director's Report

Special District Risk Management Authority ("SDRMA") Member Safety Inspection

Interim Port Director MacLaurie stated that the District's Workers' Compensation insurer, SDRMA, performed a routine inspection of the District's facilities and provided their final report which indicates the following safety policies are needed:

- Confined Space Training Program
- Lockout, Tagout Program

FY22 Energy & Water Appropriations Bill Earmark

Interim Port Director MacLaurie stated that the FY22 Energy & Water Appropriations bill was approved by the full Senate Appropriations Committee earlier this month. The bill included a \$540,000 earmark for the Port District's dredging operation. A thank you letter, signed by Chairman Goddard, was sent to Senator Padilla for his support, and a similar letter will be sent to Senator Feinstein.

Dredge Permit

Interim Port Director MacLaurie stated the District's 10-year dredge permit with both the U.S. Army Corps of Engineers and California Regional Water Quality Control Board is set to expire at the conclusion of the upcoming dredge season on April 30, 2022. She stated that applications have been submitted to both regulatory agencies for a new 10-year permit. She confirmed that the authorizations from the California Coastal Commission and the Monterey Bay National Marine Sanctuary remain valid for another 7 years

Regional General Permit ("RGP")

Interim Port Director MacLaurie stated that the RGP application process is moving along, and on August 19, 2021, the District's submitted its certification request to the California Regional Water Quality Control Board, which indicated permit provisions will be issued within 2 weeks. The U.S. Army Corps of Engineers' authorization will follow.

Johnny's Harborside Restaurant

Interim Port Director MacLaurie stated that Johnny's Harborside Restaurant has received their zoning permit for the proposed deck addition. She stated that Mesiti-Miller Engineering is developing design plans for the deck.

Crow's Nest Restaurant Takeout Window

Interim Port Director MacLaurie stated that work to install a new takeout window at the Crow's Nest Restaurant is underway. She stated that the lease addendum authorizing the construction of the window has been fully executed.

Senior Deputy Harbormaster ("DHM") Don Kinnamon Retirement

Interim Port Director MacLaurie stated that after 31 years of service, Senior DHM Kinnamon has announced his retirement, effective October 2, 2021. She reported that recruitment for the Senior DHM position is currently underway.

7th and Brommer – Mesiti-Miller Engineering ("MME")

Interim Port Director MacLaurie stated that MME has submitted a proposal for work associated with the reconfiguration of the north harbor dry storage lots. The proposal is currently being reviewed and will likely be presented for approval at the regular public session in September.

8. Harbormaster's Report

In response to a question posed by Commissioner Reed, Interim Port Director MacLaurie stated that there were no significant incidents reported during the unsanctioned "Santa Cruz Ride Out" event on August 21, 2021. Deputy Harbormaster Hill stated that the event brought a large crowd to the harbor, and one harbor concessionaire requested the assistance of Harbor Patrol to help clear crowds from their interior space.

9. Facilities Maintenance & Engineering Report

Facilities Maintenance & Engineering (FME) Manager Wulf reported that crews completed installation of new dock gangways on the south east side of the harbor on August 17, 2021. He stated that the old gangways will be surplus in accordance with current policies.

In response to a question posed by Commissioner Gertler, FME Manager Wulf stated that the amount of electricity used by the District's dock aerators is significant. He stated that the use of the aerators has been minimal this year (2-3 days).

FME Manager Wulf stated that he is currently working to obtain a formal evaluation of the District's lift stations in an effort to develop a plan for repairs. A brief discussion ensued regarding the feasibility of enlisting assistance from the City, since the lift stations serve many City residents along the south west side of the harbor.

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

11. Sea Scouts' Bi-Annual Report

In response to a question posed by Commissioner Reed, staff confirmed that the Sea Scouts' new vessel *Bosso* is insured in accordance with the District's vessel insurance policy and that USCG small passenger vessel requirements do not apply, as the vessel is not used for chartering.

12. Financial Reports (*There was no discussion on this agenda item*)
 - a) Comparative Seasonal Revenue Graphs
13. Delinquent Account Reporting (*There was no discussion on this agenda item*)
14. Harbor Patrol Incident Response Report – July 2021

In response to a question posed by Commissioner Reed, Interim Port Director MacLaurie confirmed the delivery date of the new patrol vessel is anticipated in December 2021.

15. Written Correspondence
 - a) Email to Port Commission from G. Stearns

Audience member G. Stearns thanked the Port Commission and staff for their efforts in resolving his request.

16. Port Commission Review Calendar / Follow-Up Items

Chairman Goddard recommended the Commission discuss calendaring the following items at its next regular public session:

- Comprehensive review of charter fees
- Public benefit discount policy).

Chairman Goddard adjourned the regular public session at 8:04 PM.

Toby Goddard, Chairman

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PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Reed Geisreiter
Stephen Reed
Darren Gertler

TO: Port Commission
FROM: Holland MacLaurie, Interim Port Director
DATE: September 2, 2021
SUBJECT: Denial of Claim – S. Zojaji

Recommendation: *Deny the claim of Sara Zojaji.*

BACKGROUND

On August 24, 2021, a claim was submitted on behalf of Sara Zojaji for damages related to an alleged trip and fall accident on harbor property. Staff recommends denial of the claim.

ANALYSIS

Claimant: Sara Zojaji
Date of Occurrence: March 28, 2021
Date of Claim: August 24, 2021
Amount of Claim: In Excess of \$200,000

IMPACT ON PORT DISTRICT RESOURCES

There is no impact on Port District resources associated with denying the claim.

ATTACHMENT: A. Claim Submitted by S. Zojaji

Santa Cruz Port District and Santa Cruz Harbor
Claim for Damages

Here is the following information to file a Claim for Sara Zojaji:

1) The claimant's name and mailing address, as well as an address where the claimant would like to receive correspondence:

Sara Zojaji, [REDACTED]. Please send all correspondence to Carpenter, Zuckerman & Rowley, 8827 West Olympic Boulevard, Beverly Hills, CA 90211, 310-273-1230.

2) The date, place and circumstances of the event giving rise to the claim:

On or about March 28, 2021, at approximately 6:30 p.m., at or near 2218 E. Cliff Drive, Santa Cruz, CA 95062. Claimant was walking to a trash can in a public parking lot when she stepped on an uneven/raised pavement and fell. As a result, Claimant sustained injuries and damages.

3) A general description of the injury, damage, or loss as far as it can be determined at the time of claim:

Claimant sustained, without limitation, a sprained left ankle and broke both tibia and fibula bones in her right foot.

4) The names of any public employees who caused the injury or loss if the names are known; and

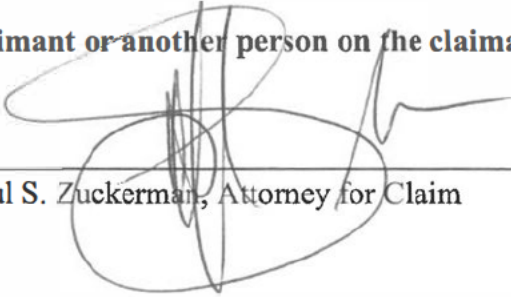
Unknown at this time.

5) The amount claimed, including an estimate of any prospective injury or loss as far as it may be known at the time of claim, including the basis of computation of the amount claimed:

Unknown at this time. Claimant's medical bills to date exceed \$180,000 and her total other general and special damages exceed \$25,000.00.

6) The claim must be signed by the claimant or another person on the claimant's behalf:

8/24/21
Date



Paul S. Zuckerman, Attorney for Claim



TO: Port Commission
FROM: Blake Anderson, Harbormaster
DATE: September 15, 2021
SUBJECT: Approval of Amendment to Month-to-Month Leases – 495 Lake Avenue,
Santa Cruz Harbor Boatyard (Tenants: L. Clifford, M. Podoson)

Recommendation: *Approve amendments to month-to-month leases.*

BACKGROUND

Lance Clifford and Michael Podoson are registered boatyard contractors, who are leased individual storage spaces in the boatyard since July 2019, and March 2021 respectively. Both contractors would like to amend their current leases to include additional storage space. The additional space will be used for storage of tools and supplies. No hazardous materials will be stored in the facility.

Staff recommends approval of the amendments, outlined below:

Tenant: Lance Clifford
Term: Month-to-Month
Rent: \$99/month + Additional \$137.70 = Total: \$236.70 (\$1.80/SF)
Use: Storage Space
Space: 5.5' x 10' (55 SF) + Additional 8.5" x 9' (76.5 SF) = Total: 131.5 SF
Security Deposit: \$236.70
Insurance: \$1 million, with Santa Cruz Port District named as additional insured
Utilities: 1% the total monthly cost of PG&E

Tenant: Michael Podoson
Term: Month-to-Month
Rent: \$42.48/month + Additional \$46.62 = Total: \$89.10 (\$1.80/SF)
Use: Storage Space
Space: 8' x 3' (24 SF) + Additional 8'6" x 3' (25.5 SF) = Total: 49.5 SF
Security Deposit: \$89.10
Insurance: \$1 million, with Santa Cruz Port District named as additional insured
Utilities: 1% the total monthly cost of PG&E

IMPACT ON PORT DISTRICT RESOURCES

Tenant rent is increasing by \$184.32 per month collectively. The Port District will receive an additional \$2,211.84 in rent revenue annually.

ATTACHMENTS: A. First Amendment to Lease – M. Podoson
B. First Amendment to Lease – L. Clifford

FIRST AMENDMENT TO LEASE

The First Amendment is to that certain Lease dated July 1, 2019, by and between SANTA CRUZ PORT DISTRICT, a political subdivision of the State of California, (“Landlord”) and LANCE CLIFFORD (“Tenant”).

The parties, by this First Amendment, make the following modifications and additions to the Lease:

1. Premises. Landlord hereby rents an additional 76.5 SF of an unfinished storage room to Tenant, for the storage of tools and materials only (Exhibit A).

2. Base Rent. Base rent shall increase to \$236.70 / month, adjusted annually on April 1, based on the San Francisco Bay Area Consumer Price Index.

3. Remaining Terms. Except as specifically modified in this First Amendment To Lease, all of the terms and conditions of the Lease shall remain in full force and effect.

Dated: October _____, 2021

Landlord:

SANTA CRUZ PORT DISTRICT,
a Political Subdivision of the State
of California

By: _____
Holland MacLaurie, Interim Port Director

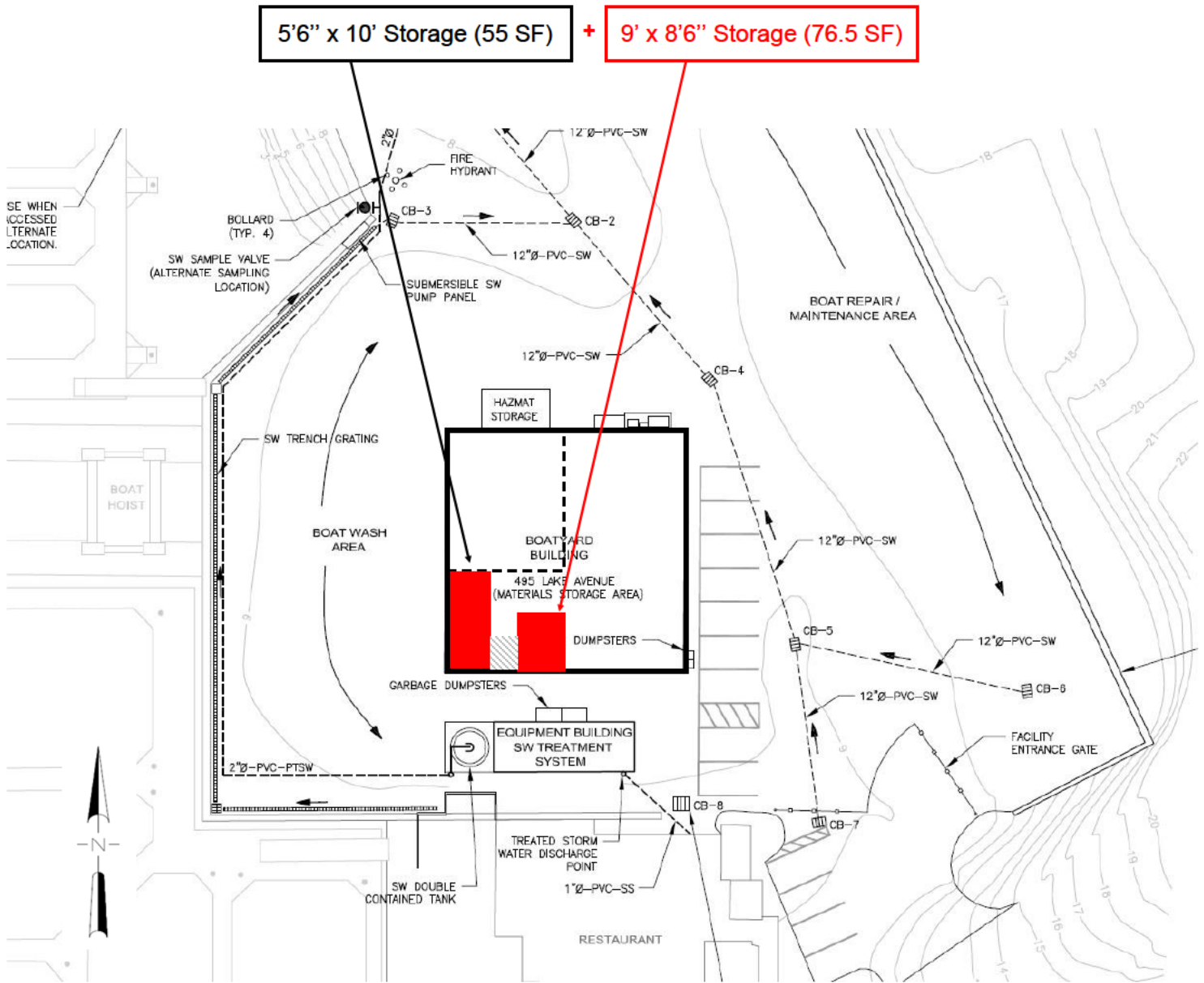
Tenant:

LANCE CLIFFORD

By: _____
Lance Clifford

EXHIBIT 'A'

495 LAKE AVENUE PREMISES MAP



FIRST AMENDMENT TO LEASE

The First Amendment is to that certain Lease dated March 1, 2021, by and between SANTA CRUZ PORT DISTRICT, a political subdivision of the State of California, ("Landlord") and MICHEAL PODOSON ("Tenant").

The parties, by this First Amendment, make the following modifications and additions to the Lease:

1. Premises. Landlord hereby rents an additional 25.5 SF of an unfinished storage room to Tenant, for the storage of tools and materials only (Exhibit A).

2. Base Rent. Base rent shall increase to \$89.10 / month, adjusted annually on April 1, based on the San Francisco Bay Area Consumer Price Index.

3. Remaining Terms. Except as specifically modified in this First Amendment To Lease, all of the terms and conditions of the Lease shall remain in full force and effect.

Dated: October _____, 2021

Landlord:

SANTA CRUZ PORT DISTRICT,
a Political Subdivision of the State
of California

Tenant:

MICHAEL PODOSON

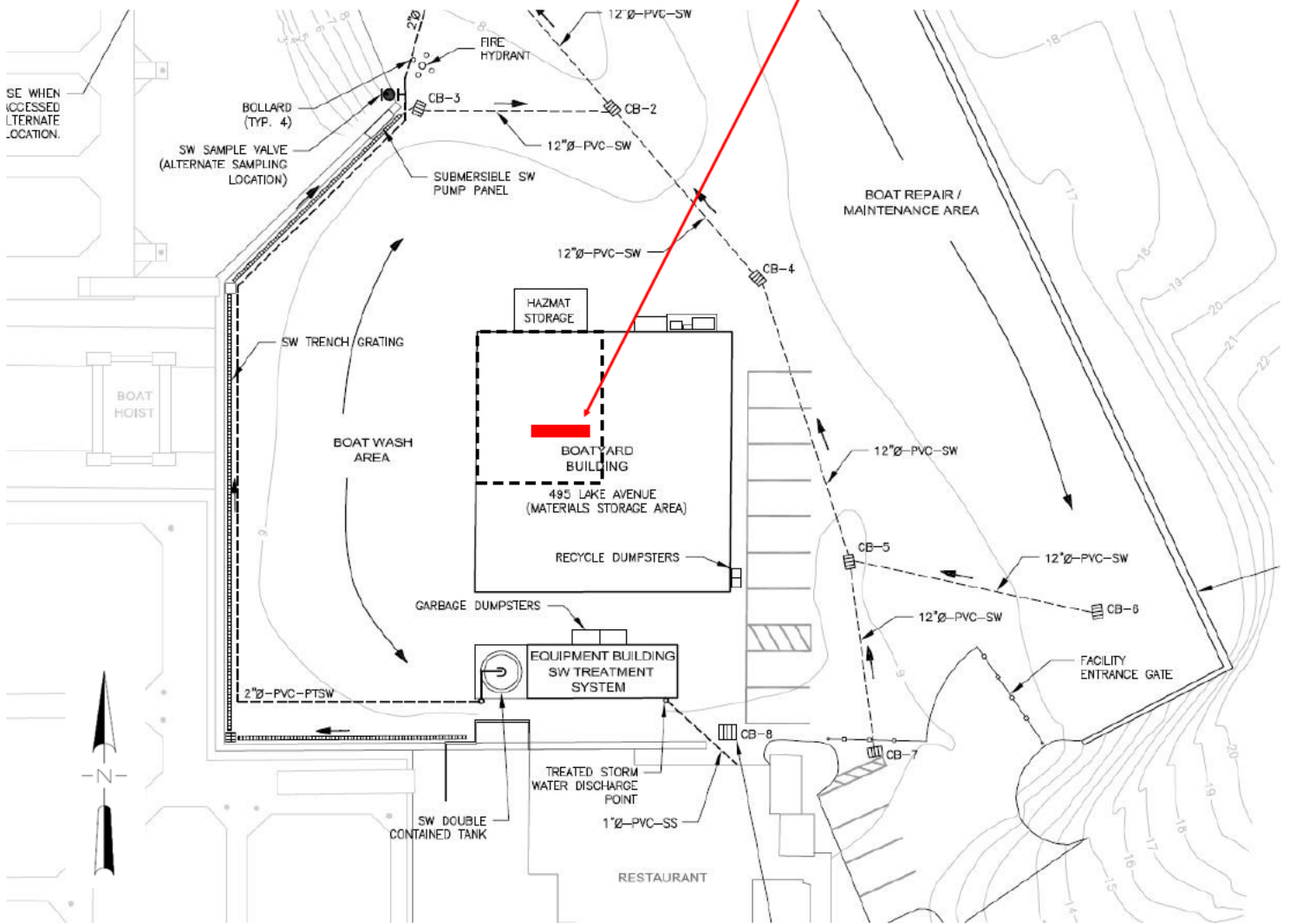
By: _____
Holland MacLaurie, Interim Port Director

By: _____
Michael Podoson

EXHIBIT 'A'

495 LAKE AVENUE PREMISES MAP

8' x 3' Storage (24 SF) + 8'6" x 3' Storage (25.5 SF)





TO: Port Commission
FROM: Holland MacLaurie, Interim Port Director
DATE: September 21, 2021
SUBJECT: Acceptance of Final FY21 Audited Financial Statement

Recommendation: Accept the FY 21 audited financial statement.

BACKGROUND

At the Port Commission meeting of August 24, 2021, Hutchinson and Bloodgood (H&B) auditor Kim Said reviewed the draft FY21 audit. H&B's opinion was unmodified, meaning the District received a clean audit. The audit is appended as Attachment A.

ANALYSIS

Based on input received from the Commission during a review of the draft audit in August, the introductory paragraph of the Management Discussion and Analysis was revised to include information regarding the steps taken to address COVID-19 related impacts during the fiscal year.

Staff recommends acceptance of the final FY21 audit.

After acceptance, the final audited figures will be used to prepare the Debt Service Ratio (DSR) report for BBVA Compass Bank in accordance with our loan agreement. The DSR report will be included in the Commission's October regular meeting packet as an information item.

IMPACT ON PORT DISTRICT RESOURCES

There is no cost to the Port District associated with accepting the audited financial statement.

ATTACHMENTS: A. Audited Financial Statement as of March 31, 2021

SANTA CRUZ PORT DISTRICT

FINANCIAL REPORT

Years ended March 31, 2021 and 2020

DRAFT

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	3-14
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	15-16
Statements of Revenues, Expenses, and Change in Net Position	17
Statements of Cash Flows	18-19
Notes to Financial Statements	20-38
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability	39
Schedule of Contributions – Defined Benefit Pension Plans	40
Schedule of Changes in the Net OPEB Liability and Related Ratios	41
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	42-43
INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION	44
SCHEDULE OF INSURANCE COVERAGE	45



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Santa Cruz Port District
Santa Cruz, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Cruz Port District (the District), which comprise the statements of net position as of March 31, 2021 and 2020, and the related statements of revenues, expenses, and change in net position and cash flows for the years then ended, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Santa Cruz Port District as of March 31, 2021 and 2020, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions – defined benefit pension plans, and the schedule of changes in the net OPEB liability and related ratios, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **September 28, 2021**, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

September 28, 2021

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2021 and 2020

Our discussion and analysis of the Santa Cruz Port District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended March 31, 2021. Please read in conjunction with the District's basic financial statements.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Concerns related to the spread of COVID-19 and the related containment measures intended to mitigate its impacts created substantial disruption on both the global and local economy.

The Port Commission adopted the FY21 budget in February 2020, before COVID-19 was broadly recognized in the United States as a pandemic. Subsequently, in April 2020, the Port Commission reviewed the potential level of COVID-19 related impacts on the FY21 budget and approved certain funding reallocations and expense reductions in response to anticipated revenue losses. As part of that meeting, the District's annual contributions to the Capital Improvement Fund (CIP) and Reserve Fund were eliminated, the contribution to the Dredge Intermediate Fund (DIF) was reduced by \$230,000, capital outlay expenses were reduced by \$37,000 and the operating budget was reduced by \$406,754 (labor and expenses). Financial impacts were monitored on a quarterly basis to determine if additional mitigation measures were necessary throughout the year. Additional financial impacts associated with the District's COVID-19 mitigation response measures are discussed throughout this analysis.

FINANCIAL HIGHLIGHTS

During FY16, the Commission adopted a Reserve Policy and an annual contribution goal to the Capital Improvement Program (CIP) fund.

Reserve Policy

The Reserve Policy is intended to strengthen the financial stability of the District against economic uncertainty, unexpected situations such as natural or man-made disasters, unanticipated drop in revenues, and other unforeseen emergencies or extraordinary circumstances that the District may face that are infrequent in occurrence.

The policy provides that the District will strive to hold in reserve an amount equal to 25 percent of the District's annual operating expenses in the current fiscal year's adopted general fund budget. The District recognizes that reserve fund amounts may fluctuate and may need to be rebuilt over time as needed. The reserve fund will generally come from one-time revenue and from excess revenues over expenditures. Examples of one-time revenue include infrequent sales of District assets, infrequent revenues from development and grants, or other sources that are typically non-recurring in nature. The use of reserves shall generally be limited to unanticipated, non-recurring needs, not for normal or recurring annual operating expenditures.

The District's FY21 budget funded a \$127,410 contribution to the reserve fund, to bring the fund balance up to \$2,016,102; however, due to the COVID-19 pandemic and response measures adopted by the Port Commission in April 2020, the FY21 contribution was eliminated. Despite unforeseen financial impacts associated with the COVID-19 pandemic, reserve funding remained intact and was not utilized in FY21. As of March 31, 2021, the unrestricted Reserve Fund balance totaled \$1,888,692 (28% of the District's annual operating expense).

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2021 and 2020

FINANCIAL HIGHLIGHTS (Continued)

Capital Improvement Program (CIP)

The Commission initially elected to contribute \$500,000 to the CIP fund each year, whenever practicable. The fund would be allowed to grow over time so that large-scale projects could be planned and accomplished without impacting either the Reserve Fund or operations. In February 2020, the Commission increased the CIP funding goal to \$750,000 annually, whenever practicable, and increased funding in the FY21 budget from \$500,000 to \$590,000; however, due to the COVID-19 pandemic and response measures adopted by the Port Commission in April 2020, the FY21 contribution to the CIP was eliminated.

As a result of the annual CIP fund contribution being eliminated, no new projects were proposed for funding in FY21, though \$75,000 in capital outlay for a replacement water taxi included in the FY20 operating budget was allocated to the CIP. Additionally, the Unallocated CIP project fund was identified as an available funding source for priority project needs (if any) during the fiscal year. As of April 1, 2020, the Unallocated CIP balance was \$509,949.

Despite the lack of funding contribution in FY21, priorities for capital investment focused on conclusion of the seawall construction project at 616 Atlantic Avenue (formerly known as the Aldo's Seawall Replacement Project); completing Phase 3 of the Pile Removal and Replacement Project (priority repair of 3 piles supporting the east side public pier); acquisition of aluminum gangways for southeast area docks; finalizing completion of the Concession Lot Automation project, also known as the Concession Parking Revenue and Access Control System (PARCS); flooring replacement at 413 Lake Avenue; re-roofing the concession lot information kiosk; remodel of the concession lot public restrooms; AD upgrades/remediation in the concession parking lot; upgrades/repairs to the Boatyard marine ways; and acquisition of a replacement water taxi. Additionally, two separate planning studies were initiated: 1) a site assessment of the Port District-owned property on the northwest corner of 7th and Brommer; 2) a marketing study assessing potential opportunities presented by County-owned property on the southwest corner of 7th and Brommer.

\$20,310 from the Unallocated CIP was utilized for the Phase 3 Pile Removal and Replacement Project, and a funding reallocation of \$115,000 from the Unallocated CIP to the 7th and Brommer Reconnaissance Fund was approved in January 2021. As of March 31, 2021, the Unallocated CIP totaled \$374,639.

US Army Corps of Engineers Memorandum of Agreement

The District finalized a Memorandum of Agreement (MOA) with the US Army Corps of Engineers (Corps) in FY16. The District had taken over responsibility for maintenance dredging from the Corps in 1986. That agreement provided funding for the purchase of the District's original dredge *Seabright*, and a small annual contribution for operations and maintenance costs through July 2013. The District began work on a successor agreement in 2008. The agreement provides that the Corps will contribute up to \$385,000 per year toward the dredging operation, provided funding is available in either the President's budget or the Corps' annual work plan. This annual amount is based on 35% of average annual dredge operation and maintenance expense which the MOA set at \$1,100,000 for calendar years 2015 – 2019. The MOA provides for an adjustment to the annual reimbursement amount based on the actual average expenses for the first 5 years of the MOA. The Corps has reviewed and approved the District's verification of expenses for calendar years 2015 – 2019 and subsequently increased the annual reimbursement amount to \$525,000 annually for calendar years 2020 – 2024, subject to funding availability.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2021 and 2020

FINANCIAL HIGHLIGHTS (Continued)

The District received \$385,000 in revenue from the Corps in FY21, and \$385,000 in FY20. (The anticipated shortfall funding in the amount of \$140,000 for calendar year 2020 was received in FY22.)

Boatyard

The District continues to operate the Santa Cruz Harbor Boatyard (SCHB) which opened in April 2014, as a Do-It-Yourself facility. Boaters may perform their own work or hire contractors from a list of registered contractors authorized to work in the yard. The District, as permittee, manages and documents the work of boat owners and contractors for reporting to various regulatory agencies. The District has invested in equipment, rehabilitation of the marine ways, supplies and training to ensure safety, compliance with permits and best management practices for stormwater run-off and sanitary sewer discharges.

Staffing

In order to reduce expenses due to COVID-19, the FY21 budget decreased full-time equivalent staffing by one, from twenty-nine (29) to twenty-eight (28) positions. This COVID 19 related reduction in labor eliminated the Parking Coordinator position, as well as other part-time and provisional positions.

Employee Labor Contracts

Effective January 1, 2018, the District entered into a three-year Memorandum of Understanding ("MOU") on salaries and benefits with the Harbor Employees Association ("HEA") ending December 31, 2020. In January 2018, the District entered into a salary and benefit agreement with the Harbor Management Group. Effective January 1, 2018, the District entered into a two-year MOU on salaries and benefits with the Operating Engineers Union Local No. 3 ("OE3") ending December 31, 2019; and effective January 1, 2020, the District entered into a one-year MOU with OE3, which includes a 2% cost-of-living increase. As a result, the District bargained with HEA to increase salaries by one-half of one percent, bringing the cost-of-living-increase effective January 1, 2020 for HEA and OE3 to 2%.

In response to the COVID-19 pandemic, the District proposed a one-year extension of existing MOU's through December 31, 2021, with no increase to wages or benefits. The proposals were accepted by the Bargaining Groups. No wage or benefit increases were proposed or enacted for the Harbor Management Group or Port Director in 2021.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2021 and 2020

Fiscal Year Ended March 31, 2021

Operating Revenues

Operating revenues were \$9,521,878; \$66,544 of which were non-cash lease revenues from O'Neill Sea Odyssey, leaving total revenues at \$9,455,334, or about 97% of budgeted revenues, which is notable, considering the economic challenges faced during the COVID-19 pandemic. Operating revenues in FY21 were \$291,782, or approximately 3% lower than the prior year. Some visitor-related income sources suffered as a result of the COVID-19 pandemic (i.e., RV park and parking), while other visitor-related income sources (i.e., visitor berthing and launch) exceeded budget projections. Overall, visitor-related income sources (visitor berthing fees, launch fees, parking, and RV) were \$1,159,688, \$67,886, or 5.5% lower than the prior year. Launch revenue increased over FY20 by approximately 55% and was more than double budget projections due to increased demand. Fuel sales were \$575,513, which falls below budget projections by \$14,487. Despite this shortfall, the fuel program was more profitable than in prior years, due in part to a combination of higher visitorship by commercial and recreational vessels, launch activity, improved product pricing management, and decreased expenses (including labor), as a result of the COVID-19 pandemic. Slip rent, at \$4,679,394, exceeded budget by \$100,430, or 2%, and was approximately \$181,806 higher, or 4% greater than the prior year due to reduced vacancy (expeditious filling of slips upon turnover, temporary / interim berthing arrangements).

FY21 concession income was significantly impacted by the COVID-19 pandemic, as temporary restaurant closures and reductions to dine-in seating capacity were mandated by State and local authorities. FY21 concession income of \$1,635,555 was 12% or \$230,765 lower than budget, and 14% lower than FY20 revenue.

Boatyard revenue in FY21 was \$350,061 an increase of \$13,713 over the prior year, or approximately 4% higher, due in part to higher demand and increased commercial fishing activity.

The 3% overall decrease in operating revenues in FY21 is primarily attributable to decreases in RV park, parking, fuel, and concession income, as a result of the COVID-19 pandemic and associated mitigation measures. Additionally, the Port District's emergency response to the CZU Lightning Complex Fire further impacted RV revenue, as RV park spaces in the north harbor were made available for exclusive use by Santa Cruz area fire evacuees for a two-month period.

Operating Expenses

Operating expenses (before depreciation, amortization and non-cash pension and OPEB liability) were \$6,694,787, \$1,369,621, or approximately 17% under budget, and approximately \$148,076, or 2% lower than the prior year. Non-dredging expenses of \$5,337,565 were lower than budget, and \$134,262 lower, or approximately 2% less than the prior year. Dredging expenses of \$1,357,222 were also lower than budget and \$12,448 lower than the prior year. The reduction in overall operating expenses across all programs is due to cutbacks approved as part of the COVID-19 pandemic and response measures adopted by the Port Commission in April 2020, as well as a concerted effort by staff to minimize spending during the pandemic to offset anticipated revenue losses.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2021 and 2020

Fiscal Year Ended March 31, 2021 (Continued)

Net Position

The District's net position as of March 31, 2021, is \$30,105,088. This is an increase of \$530,140 or approximately 2% higher than the March 31, 2020, net position of \$29,574,948.

Other key changes in the statement of net position are as follows:

Current Assets increased \$827,292 in FY21, attributable to an increase in cash and cash equivalents.

Deferred outflows of resources increased by \$133,963 in FY21, to \$1,722,717. This increase is primarily related to a reduction in pension asset deferred outflows as calculated per GASB Statement No. 68 (from \$927,507 in FY20 to \$897,876), and an increase in OPEB asset deferred outflow as calculated per GASB Statement No. 75 (from \$10,797 in FY20 to \$174,391). Actual OPEB contribution (expense) for retirees in FY21 was \$1,655.

The Current and Other Liabilities increased by \$617,832 in FY21, to \$8,357,222. This is due primarily to increases in net pension and OPEB liability, and an overall increase in current liabilities including accounts payable and accrued expenses, deposits and prepaid slip rents.

Long term debt obligations decreased from \$12,631,888 in FY20 to \$11,292,731 in FY21, or approximately 10% as bond financing secured with BBVA Compass Bank in 2013, and other long term debt is paid down.

Deferred inflows of resources decreased by 183,757 in FY21, to \$224,165. This decrease was primarily due to the change in pension and OPEB liability deferred flows as calculated per GASB Statement No's. 68 and 75.

Net pension liability and net OPEB liability combined, increased \$581,717, from \$4,821,620 in FY20, to \$5,403,337 in FY21 (See Notes 6 and 9).

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2021 and 2020

Fiscal Year Ended March 31, 2020

Operating Revenues

Operating revenues were \$9,813,660; \$66,544 of which were non-cash lease revenues from O'Neill Sea Odyssey, leaving total revenues at \$9,747,116, or about 106% of budgeted revenues, and were \$602,332, or approximately 6.5% higher than the prior year. Visitor-related income sources (visitor berthing fees, launch fees, parking, and RV) were \$1,227,574, \$48,527, or 4% higher than the prior year. Visitor parking aligned with budget projections, while visitor berthing, launch and recreational vehicle parking revenue exceeded budget. Launch revenue increased over FY19 by approximately 26% and was more than double budget projections due to increased demand and excellent fishing conditions. Fuel sales were \$655,675, exceeding budget projections by \$70,675 due in part to higher visitorship and launch activity. Slip rent, at \$4,497,588, exceeded budget by \$30,330, or 1%, and was approximately \$176,630 higher, or 4% greater than the prior year due to north harbor dredging efforts which restored previously unusable slips due to shoaling.

FY20 concession income of \$1,893,576 was 5% or \$93,596 higher than budget, and up 3% over FY19, which is attributable to a 4.5% CPI increase to landside lease base rents.

Boatyard revenue in FY20 was \$336,348 an increase of \$52,122 over the prior year, or approximately 16% higher, due in part to higher demand and extended vessel berthing stays.

The 6.5% overall increase in operating revenues in FY20 is primarily attributable to increases in slip rent, launch, visitor berthing, fuel sales, boatyard revenue and tenant utility charges which were higher than budget due to County of Santa Cruz billing remittance and associated reimbursement timelines.

Operating Expenses

Operating expenses (before depreciation amortization and non-cash pension and OPEB liability) were \$6,842,863, \$746,905, or approximately 10% under budget (net of Capital Project budget and expenditures), and approximately \$313,692, or 5% higher than the prior year adjusting for non-cash pension expense. Non-dredging expenses of \$5,471,827 were lower than budget, and \$174,838 higher, or approximately 3% more than the prior year. Though actual expenditures were under budgeted FY20 program expenses overall, dredging expenses of \$1,369,670 were \$137,488 higher than the prior year, primarily due to higher labor costs associated with maintenance personnel assisting with inner harbor dredging operations, as well as higher equipment maintenance and repair costs.

Net Position

The District's net position as of March 31, 2020, is \$29,574,948. This is an increase of \$860,637 or approximately 3% higher than the March 31, 2019, net position of \$28,714,311.

Other key changes in the statement of net position are as follows:

Current Assets decreased \$2,955,787 in FY20, attributable to a reduction in cash and cash equivalents due to CIP expenditures from cash and loan proceeds secured in September 2018.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2021 and 2020

Fiscal Year Ended March 31, 2020 (Continued)

Net Position (continued)

Deferred outflows of resources decreased by \$14,265 in FY20, to \$938,304. This decrease is primarily related to the change in the net pension liability as calculated per GASB Statement No. 68.

The Current and Other Liabilities increased by \$89,483 in FY20, to \$7,739,390. This is due primarily to an increase in net pension liability and the current portion of long term debt.

Long term debt obligations decreased from \$13,858,644 in FY19 to \$12,631,188 in FY20, or approximately 9% as bond financing secured with BBVA Compass Bank in 2013, and other long term debt is paid down.

Deferred inflows of resources increased by \$40,037 in FY20, to \$407,922. This increase was primarily due to the change in net OPEB liability as calculated per GASB Statement No. 75.

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SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2021 and 2020

USING THIS ANNUAL REPORT

This annual report consists of management's discussion and analysis, the basic financial statements, and notes to the financial statements. Management's discussion and analysis provides a narrative of the District's financial performance and activities for the year ended March 31, 2021. The basic financial statements provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

- The *Statement of Net Position* presents information on all of the District's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *Statement of Revenues, Expenses, and Change in Net Position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
- The *Statement of Cash Flows* presents information showing how the District's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following summarizes net position:

	2021	2020	2019
Assets			
Current and other assets	\$ 11,236,728	\$ 10,409,436	\$ 13,365,223
Capital assets net of depreciation	36,653,161	37,921,137	35,257,569
Other assets	1,017,050	1,016,571	1,015,386
Total Assets	<u>48,906,939</u>	<u>49,341,144</u>	<u>49,638,178</u>
Deferred outflows	<u>1,072,267</u>	<u>38,304</u>	<u>952,569</u>
	<u>\$ 49,979,206</u>	<u>\$ 50,285,48</u>	<u>\$ 50,590,747</u>
	-1%	-1%	
Liabilities			
Current liabilities	\$ 2,571,255	\$ 2,468,596	\$ 2,658,753
Long-term debt	11,297,731	12,563,188	13,858,644
Unearned revenue	82,630	449,174	515,718
Net pension liability	4,648,819	4,338,392	3,990,879
Net OPEB liability	72,518	483,228	484,557
Total Liabilities	<u>19,649,953</u>	<u>20,302,578</u>	<u>21,508,551</u>
Deferred inflows	<u>24,165</u>	<u>407,922</u>	<u>367,885</u>
	<u>\$ 19,874,118</u>	<u>\$ 20,710,500</u>	<u>\$ 21,876,436</u>
	-4%	-5%	
Net position			
Net investment in capital assets	\$ 23,637,093	\$ 23,543,068	\$ 19,562,212
Restricted for debt service	1,017,050	1,016,571	1,015,386
Unrestricted	<u>5,450,945</u>	<u>5,015,309</u>	<u>8,136,713</u>
Total net position	<u>\$ 30,105,088</u>	<u>\$ 29,574,948</u>	<u>\$ 28,714,311</u>
	2%	3%	

Net investment in capital assets represents the District's long-term investment in capital assets, net of accumulated depreciation and related debt. The net investment in capital assets is not available for current operations.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2021 and 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Fiscal Year Ended March 31, 2021

Capital Assets

Priorities for capital investment in FY21 focused on concluding construction activities for the Seawall Replacement Project at 616 Atlantic Avenue; completing Phase 3 of the Pile Removal and Replacement Project; acquiring aluminum gangways for southeast harbor docks; initiating a site assessment for Port District property at 7th and Brommer, and a market study assessing development opportunities for County-owned property at 7th and Brommer; and acquisition of a new water taxi.

Debt Administration

The District's debt acquired in 2013, is related to facilities modernization and up-front funding for acquisition of the new dredge vessel *Twin Lakes*. New debt totaling \$3.35 million was acquired in FY19 to fund two capital infrastructure projects, a Seawall Replacement Project at 616 Atlantic Avenue (formerly referred to as the Aldo's Seawall Replacement Project) and the Pile Removal and Replacement Project. The District's debt at March 31, 2021, totaled \$12,566,894. This represents a decrease of \$1,315,457 or approximately 9%, from FY20's total debt of \$13,882,351.

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SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2021 and 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Fiscal Year Ended March 31, 2020

Capital Assets

Priorities for capital investment in FY20 focused on awarding a construction contract for the Aldo's Seawall Replacement Project and achieving significant completion by November 30, 2019; completing Phase 2 of the Pile Removal and Replacement Project; and, developing a Request for Proposals packet, bidding and awarding a construction contract for the PARCS; constructing a display cradle for the vessel *Pappy*; and re-roofing 493 Lake Avenue and the harbor office cupola.

Debt Administration

The District's debt acquired in 2013, is related to facilities modernization and up-front funding for acquisition of the new dredge vessel *Twin Lakes*. New debt totaling \$3.35 million was acquired in FY19 to fund two capital infrastructure projects, Aldo's Seawall Replacement Project and the Pile Removal and Replacement Project. The District's debt at March 31, 2020, totaled \$13,862,351. This represents a decrease of \$1,250,744 or approximately 8%, from FY19's total debt of \$15,113,095.

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SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2021 and 2020

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's accountability for the District's assets. If you have questions about this report or need additional financial information, contact the Santa Cruz Port District office at 135 5th Avenue, Santa Cruz, California, 95062.

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SANTA CRUZ PORT DISTRICT

STATEMENTS OF NET POSITION

March 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,991,416	\$ 10,070,823
Trade receivables	180,128	245,550
Interest receivable	10,841	48,223
Inventory	8,781	10,263
Prepaid expenses	45,562	34,577
	<u>11,236,728</u>	<u>10,409,436</u>
RESTRICTED ASSETS		
Cash and cash equivalents (Note 2)	<u>1,017,050</u>	<u>1,016,571</u>
CAPITAL ASSETS (Note 3)		
Nondepreciable assets:		
Land	1,349,360	1,349,360
Construction in progress	570,268	3,197,517
Depreciable assets:		
Structures and improvements	30,057,168	29,668,008
Docks	27,023,464	24,113,526
Equipment	10,884,518	11,864,219
Office equipment	73,114	153,680
	<u>69,957,892</u>	<u>70,346,310</u>
Less accumulated depreciation	<u>33,304,731</u>	<u>32,425,173</u>
	<u>36,653,161</u>	<u>37,921,137</u>
Total Assets	<u>48,906,939</u>	<u>49,347,144</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts from pension plans (Note 6)	897,876	927,507
Deferred amounts from OPEB plan (Note 9)	174,391	10,797
	<u>1,072,267</u>	<u>938,304</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 49,979,206</u>	<u>\$ 50,285,448</u>

The notes to financial statements are an integral part of these statements.

SANTA CRUZ PORT DISTRICT

STATEMENTS OF NET POSITION March 31, 2021 and 2020

	2021	2020
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 213,884	\$ 169,131
Accrued interest	82,466	92,380
Payroll liabilities	229,613	210,982
Current portion of long-term debt (Note 4)	1,274,163	1,299,163
Current portion of unearned revenue (Note 5)	66,544	66,544
Prepaid slip rents	258,639	191,985
Deposits	445,946	438,411
Total current liabilities	<u>2,571,255</u>	<u>2,468,596</u>
LONG-TERM DEBT, less current portion (Note 4)	<u>1 292,731</u>	<u>12,563,188</u>
OTHER LONG-TERM LIABILITIES		
Unearned revenue, less current portion (Note 5)	382,630	449,174
Net pension liability (Note 6)	4,674,819	4,338,392
Net OPEB liability (Note 9)	728,518	483,228
Total Liabilities	<u>5,785,967</u>	<u>5,270,794</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts from pension plans (Note 6)	158,902	334,844
Deferred amounts from OPEB plan (Note 9)	65,263	73,078
Total Deferred Inflows of Resources	<u>224,165</u>	<u>407,922</u>
NET POSITION		
Net investment in capital assets	23,637,093	23,543,068
Restricted for:		
Debt service	1,017,050	1,016,571
Unrestricted	5,450,945	5,015,309
Total Net Position	<u>30,105,088</u>	<u>29,574,948</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 49,979,206</u>	<u>\$ 50,285,448</u>

The notes to financial statements are an integral part of these statements.

SANTA CRUZ PORT DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION Years Ended March 31, 2021 and 2020

	2021	2020
Operating revenues:		
Charges for berthing and services	\$ 7,886,323	\$ 7,920,084
Rent and concessions	1,635,555	1,893,576
	<u>9,521,878</u>	<u>9,813,660</u>
Operating expenses:		
Depreciation and amortization	2,159,280	1,954,934
Dredging operations	1,357,222	1,369,670
Administrative services	753,848	759,880
Grounds	733,457	727,772
Harbor patrol	669,826	683,549
Fuel services	427,765	536,061
Property management	515,497	480,408
Marina management	483,428	434,290
Parking services	248,637	341,396
Non-cash pension liability	190,116	338,085
Buildings	323,175	323,550
Boatyard operations	303,551	274,979
Docks, piers, marine structures	269,258	237,013
Finance & purchasing	194,674	181,208
Environmental & permitting	139,893	174,318
Rescue services	84,414	99,549
Utilities	86,067	85,665
Non-cash OPEB liability	81,221	67,186
Port commission support	56,586	52,156
Aeration	40,795	38,467
Events	--	30,440
Capital projects	1,630	6,812
Fishery support	5,064	5,680
	<u>9,125,404</u>	<u>9,203,068</u>
Operating income	<u>396,474</u>	<u>610,592</u>
Non-operating revenues (expenses):		
County revenues for public services	50,000	49,985
Grants	23,801	37,826
Dredging reimbursement (Note 10)	385,000	385,000
Interest income	80,131	265,810
Other income	38,570	2,809
Interest expense	(443,836)	(491,385)
	<u>133,666</u>	<u>250,045</u>
Increase in net position	530,140	860,637
Net position, beginning	<u>29,574,948</u>	<u>28,714,311</u>
Net position, ending	<u>\$ 30,105,088</u>	<u>\$ 29,574,948</u>

The notes to financial statements are an integral part of these statements.

SANTA CRUZ PORT DISTRICT

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 9,594,945	\$ 9,621,483
Cash paid to suppliers and employees	<u>(6,648,246)</u>	<u>(7,092,831)</u>
Net cash provided by operating activities	<u>2,946,699</u>	<u>2,528,652</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
County revenues received for public services	50,000	49,985
Grant monies received	23,801	86,465
Government revenues received for dredge operations	385,000	385,000
Cash received from other nonoperating activities	<u>47,333</u>	<u>69,177</u>
Net cash provided by noncapital financing activities	<u>506,134</u>	<u>590,627</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital expenditures	(900,067)	(4,684,870)
Interest paid on long-term debt	(453,750)	(500,620)
Principal paid on long-term debt	<u>(1,295,457)</u>	<u>(1,250,744)</u>
Net cash used by capital and related financing activities	<u>(2,649,274)</u>	<u>(6,436,234)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	<u>117,513</u>	<u>293,474</u>
Net increase (decrease) in cash and cash equivalents	921,072	(3,023,481)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>11,087,394</u>	<u>14,110,875</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 12,008,466</u>	<u>\$ 11,087,394</u>

SANTA CRUZ PORT DISTRICT

STATEMENT OF CASH FLOWS

Years Ended March 31, 2021 and 2020

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 396,474	\$ 610,592
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,159,280	1,954,934
Non-cash pension liability	190,116	338,085
Non-cash OPEB liability	81,221	67,186
(Increase) decrease in:		
Trade receivables	65,422	(135,070)
Inventory	1,482	(3,319)
Prepaid expenses	(10,985)	(6,793)
Deferred outflows from OPEB plan	(7,340)	(4,785)
Increase (decrease) in:		
Accounts payable and accrued expenses	63,384	(235,071)
Unearned revenue	(66,544)	(66,544)
Prepaid slip rents	66,654	2,205
Deposits	7,535	7,232
Net cash provided by operating activities	<u>\$ 2,946,699</u>	<u>\$ 2,528,652</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION

	Current Assets	Restricted Assets	Statements of Cash Flows Total
Year ended March 31, 2021			
Cash and cash equivalents, beginning	\$ 10,070,823	\$ 1,016,571	\$ 11,087,394
Net increase	<u>920,593</u>	<u>479</u>	<u>921,072</u>
Cash and cash equivalents, ending	<u>\$ 10,991,416</u>	<u>\$ 1,017,050</u>	<u>\$ 12,008,466</u>
Year ended March 31, 2020			
Cash and cash equivalents, beginning	\$ 13,095,489	\$ 1,015,386	\$ 14,110,875
Net increase (decrease)	<u>(3,024,666)</u>	<u>1,185</u>	<u>(3,023,481)</u>
Cash and cash equivalents, ending	<u>\$ 10,070,823</u>	<u>\$ 1,016,571</u>	<u>\$ 11,087,394</u>

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Years Ended March 31, 2021 and 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: The Santa Cruz Port District (the District) is a political subdivision of the State of California. The District was organized on November 20, 1950, in conformity with Division 8, Part 4 of the Harbors and Navigation Code, Section 6200 et seq. The District was formed for the purpose of creating a legal entity to negotiate with various governmental agencies for the financing and construction of a small craft harbor and the subsequent operation of the facility. The District began the operation of the small craft harbor in January 1964.

Accounting Policies: The District is accounted for as an enterprise activity, and therefore follows the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Other significant accounting policies are:

Basis of Accounting: The accounting methods and procedures adopted by the District conform to accounting principles generally accepted in the United States of America as applied to governmental enterprise funds.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to certain limitations. The District has elected not to follow subsequent private sector guidance.

The District distinguishes operating revenues and expense from non-operating items. Operating revenues and expenses generally result from fees charged to users of the harbor facilities and maintaining harbor facilities. Operating expenses include maintenance, security, dredging, general and administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses, and Change in Net Position.

Use of Restricted/Unrestricted Net Assets: When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

Use of Estimates: Preparing the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Years Ended March 31, 2021 and 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade Receivables: Trade receivables consist of tenant and slipholder rents. The District believes its receivables to be fully collectible and, accordingly, no allowance for doubtful accounts is recorded.

Interest Receivable: Interest receivable consists of accrued interest from the Local Agency Investment Fund.

Federal and State Grants: Federal and state grants for the construction, acquisition, improvement of capital assets, or assistance for dredging costs are recorded as capital contributions. Revenues for reimbursement grants are recorded when allowable expenditures are made.

Liability for Compensated Absences: The District is required to recognize a liability for employees' rights to receive compensation for future absences. This obligation consists of the vested portion of leave balances, including vacation and compensatory time off, which are payable upon retirement. The liability for compensated absences at March 31, 2021 and 2020 included in payroll liabilities on the Statement of Net Position, was \$129,276 and \$112,141, respectively.

Revenues (Pledged): By resolution of the Board of Directors, all District revenues are pledged to secure debt service. The District derives its revenue principally from fees charged to users of the harbor facilities, rents, and concession fees.

Income Taxes: The District is a government agency that falls under Internal Revenue Code Section 115 and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to federal or state income taxes.

Inventory: Inventory is stated at the lower of cost or market determined by the first-in, first-out method. Inventory consists of boat supplies and merchandise for resale.

Capital Assets: District capital assets, purchased or constructed, are recorded at cost. The cost of assets built by the District includes direct costs and eligible interest. Contributed assets are recorded at fair market value at the date of contribution.

The amount of interest capitalized as part of the District-constructed assets is the difference between the interest the District must pay on the bonds and loans issued to finance improvements, and the interest the District earns on bond and loan proceeds not yet expended. The interest as defined above is capitalized until the projects are placed in service at which time any remaining interest is expensed.

The District's policy is to capitalize all assets that cost \$5,000 or more, and to charge to current operations all additions under that limit. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are also expensed in the current period, even if greater than \$5,000.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Years Ended March 31, 2021 and 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation and Amortization: Depreciation expense is computed using the straight-line method over estimated useful lives ranging from three to fifty years.

Restricted Assets: Certain cash and investments of the District are classified as restricted because their uses are limited by commitments made by the District to its lenders.

Net Position: Net position as shown in the Statement of Net Position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments, as reduced by related outstanding debt.

Unrestricted – This amount is all remaining net position that does not meet the definition of “net investment in capital assets” or “restricted”.

Upcoming Accounting Standards: GASB has issued the following statements which may impact the District’s financial reporting requirements in the future:

- GASB 87 - “Leases”, effective for periods beginning after June 15, 2021.

Deferred Outflows/Inflow of Resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

The District has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension liability / total OPEB liability.
- Deferred outflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.
- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the pension plans.
- Deferred outflows related to pensions resulting from the net difference between projected and actual earnings on plan investments of the pension plans fiduciary net position. These amounts are amortized over five years.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Years Ended March 31, 2021 and 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (continued):

- Deferred outflows related to pension plans for the changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

In addition to liabilities, the Statement of Net Position will sometimes report on a separate section for deferred inflow of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.
- Deferred inflows from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the pension plans.
- Deferred inflows related to pensions for the changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

NOTE 2. CASH AND CASH EQUIVALENTS

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

The District's investment policy, adopted by the Port Commission on November 27, 2018, requires that all funds not required for immediate use be invested in investment vehicles authorized by the Government Code of the State.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2021 and 2020

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

The District has adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Under this statement, disclosures of these risks are required for uninsured and unregistered investments and deposits collateralized with securities held by the broker or pledging financial institution’s trust department or agent, but not in the District’s name. The District did not hold any investments or deposits falling into this category of risk (generally known as Category 3) at March 31, 2021.

Restricted Cash: Restricted cash consists of the following as of March 31:

	2021	2020
Restricted cash and cash equivalents for debt service:		
Money market funds / government obligations	<u>\$ 1,017,500</u>	<u>\$ 1,016,571</u>

NOTE 3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended March 31, 2021:

	March 31, 20	Additions	Deletions and Transfers	March 31, 2021
Nondepreciable assets:				
Land	1,493,360	\$ --	\$ --	\$ 1,349,360
Construction in progress	3,197,517	308,182	(2,935,431)	570,268
Depreciable assets:				
Structures and improvements	29,668,008	389,160	--	30,057,168
Docks	24,113,526	2,909,938	--	27,023,464
Equipment	11,864,219	228,218	(1,207,919)	10,884,518
Office equipment	153,680	--	(80,566)	73,114
	<u>70,346,310</u>	<u>3,835,498</u>	<u>(4,223,916)</u>	<u>69,957,892</u>
Accumulated depreciation	<u>(32,425,173)</u>	<u>(2,159,280)</u>	<u>1,279,722</u>	<u>(33,304,731)</u>
	<u>\$ 37,921,137</u>	<u>\$ 1,676,218</u>	<u>\$ (2,944,194)</u>	<u>\$ 36,653,161</u>

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2021 and 2020

NOTE 3. CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets for the year ended March 31, 2020:

	March 31, 2019	Additions	Deletions and Transfers	March 31, 2020
Nondepreciable assets:				
Land	\$ 1,349,360	\$ --	\$ --	\$ 1,349,360
Construction in progress	874,128	2,486,957	(163,568)	3,197,517
Depreciable assets:				
Structures and improvements	29,477,120	190,888	--	29,668,008
Docks	22,600,115	1,513,411	--	24,113,526
Equipment	11,335,516	667,182	(138,479)	11,864,219
Office equipment	153,680	--	--	153,680
	<u>65,789,919</u>	<u>58,438</u>	<u>(302,047)</u>	<u>70,346,310</u>
Accumulated depreciation	<u>(30,532,350)</u>	<u>1,954,934</u>	<u>62,111</u>	<u>(32,425,173)</u>
	<u>\$ 35,257,569</u>	<u>\$ 2,903,504</u>	<u>\$ (239,936)</u>	<u>\$ 37,921,137</u>

In January of 2015 the District accepted a 16,000 square foot vacated right of way along Brommer Street Extension, adjacent to lands owned by the District. Due to the very limited marketability of subject property, and the time and expense involved in getting a market appraisal, the District has opted to record the asset at zero value.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2021 and 2020

NOTE 4. LONG-TERM DEBT

Long-term debt and related current portion as of March 31, 2021 and 2020, is presented below:

	March 31, 2020	Additions	Reductions	March 31, 2021
Compass Bank taxable loan	\$ 1,291,462	\$ --	\$ (217,210)	\$ 1,074,252
Compass Bank tax-exempt loan	9,504,048	--	(886,442)	8,617,606
PG&E loan	42,823	--	(13,889)	28,934
2018A Revenue Obligation	1,467,906	--	(86,745)	1,381,161
2018B Revenue Obligation	1,605,523	--	(94,877)	1,510,646
	13,911,762	--	(1,299,163)	12,612,599
Less revenue obligation issuance cost	(49,411)	--	3,706	(45,705)
Less current portion	(1,299,163)	5,000	--	(1,274,163)
	<u>\$ 12,563,188</u>	<u>\$ 25,000</u>	<u>\$ (1,295,457)</u>	<u>\$ 11,292,731</u>

Total interest incurred and charged to expense during the years ended March 31, 2021 and 2020, was \$443,836 and \$491,385, respectively.

During the fiscal year ended March 31, 2014 the District refinanced its outstanding debt with loans privately placed with BBVA Compass Bank. The financing package included \$4,000,000 in new debt to be used to purchase a new dredge to replace the *Seabright*, which had reached the end of its useful life. The new dredge was placed in service in July 2016.

The new loans also reduced the District's payback period, with payoff occurring in 2029 rather than 2042 under the old loans. Through this combined financing and new debt, the District will realize cash flow savings of approximately \$3.8 million over the 16-year life of the loans.

The Compass Bank taxable loan, in the amount of \$2,384,445 was part of the refinance package noted above. Proceeds of the loan were used to payoff the existing Series 2004C revenue bonds, as well as to provide funding to payoff the OE3 pension liability. Terms of the note call for semi-annual principal and interest payments in May and November, ranging from \$114,000 to \$229,000, with an average payment of \$140,000, including interest at 4.74% per annum. Final payment on the loan is due November 1, 2026.

The Compass Bank tax-exempt loan, in the amount of \$14,418,961 was part of the refinance package noted above. Proceeds of the loan were used to pay off the existing Series 2004A revenue bonds, all of the Department of Boating and Waterways loans, as well as providing funding for the new dredge. Terms of the note call for semi-annual principal and interest payments in February and August, ranging from \$547,000 to \$590,000, including interest at 3.09% per annum. Final payment on the loan is due August 1, 2029.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2021 and 2020

NOTE 4. LONG-TERM DEBT (Continued)

PG&E loan – In August 2014 the District entered into an on-bill financing loan agreement with PG&E, in the amount of \$120,368, for the purchase of energy efficient equipment. Terms of the loan call for monthly principal payments of \$1,157, to be included in the monthly utilities bill, over a period of 104 months.

On September 1, 2018, the District entered into an installment sale agreement with BBVA Compass Bank for 2018A Revenue Obligations in the amount of \$1,750,000, for the Santa Cruz Harbor Pile Replacement Project. Terms of the agreement call for semi-annual payments of \$75,123 beginning February 1, 2019, including interest at the rate of 3.5% per annum. The final payment is due August 1, 2033.

On September 1, 2018, the District entered into an installment sale agreement with BBVA Compass Bank for 2018B Revenue Obligations in the amount of \$1,600,000, for the Santa Cruz Harbor Seawall Replacement Project. Terms of the agreement call for semi-annual payments of \$68,644 beginning February 1, 2019, including interest at the rate of 3.5% per annum. The final payment is due August 1, 2033.

The borrowing agreements with BBVA Compass Bank for the taxable and tax-exempt loans and the 2018A and 2018B revenue obligations include a restrictive covenant requiring net revenues for the fiscal year to be equal to at least 1.25 times the debt service. At March 31, 2021, the District was in compliance with the covenant.

Debt service required under the notes for each of the succeeding five years and thereafter in five year increments are:

	Principal	Interest	Total
2022	\$ 1,274,163	\$ 379,976	\$ 1,654,139
2023	1,313,042	358,490	1,671,532
2024	1,349,388	307,749	1,657,137
2025	1,394,754	258,178	1,652,932
2026	1,254,502	217,146	1,471,648
2027-2031	5,343,969	493,923	5,837,892
2032-2036	682,781	82,592	765,373
	<u>\$ 12,612,599</u>	<u>\$ 2,098,054</u>	<u>\$ 14,710,653</u>

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Years Ended March 31, 2021 and 2020

NOTE 5. UNEARNED REVENUE

In 2002, the District entered into a joint venture agreement with a not-for-profit tenant to recapitalize and reconstruct the building at 2222 East Cliff Drive. The agreement stated the tenant would pay 47% of the cost of the construction project and the District would pay 53% of the cost of the project. Title for the building remains with the District. In return for the cost sharing agreement, the tenant received a 24-year lease with payment terms similar to a ground only lease which extends through December 31, 2028.

The tenant's total contribution to the project was \$1,558,239. That amount was established as unearned revenue and will be amortized to concession rental income over the term of the lease. Since inception of the lease agreement the District has recognized \$1,109,065 of the unearned revenue as rental income. Of the remaining \$449,174, \$66,544 is considered current and \$382,630 is considered long-term.

NOTE 6. PENSION PLANS

Deferred Compensation Plan (457(a)):

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to District employees based on eligibility, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Defined Benefit Pension Plan (CalPERS)

General Information:

Plan Description: Effective April 1, 2003, the District adopted a cost-sharing multiple employer defined benefit pension plan (the Plan) that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. All qualified employees are eligible to participate in the District's Plan administered by the California Public Employees' Retirement System (CalPERS).

State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The District selected its optional benefit provisions from the benefit menu when it contracted with CalPERS and adopted those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814, or on their website.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2021 and 2020

NOTE 6. PENSION PLANS (Continued)

Defined Benefit Pension Plan (CalPERS) (Continued):

General Information (Continued)

Funding Policy: Active plan members are required to contribute a percentage of their annual covered salary. The District has a 3-tiered CalPERS plan system for miscellaneous employees – 2.5% @ 55; 2% @ 60; and 2% @ 62. Plan placement is dependent on the eligible employee’s status as an existing member or new member. Depending on plan placement, active members contribute between 6.25% and 8% of their annual covered salary: 8% contribution for 2.5% @ 55; 7% contribution for 2% @ 60; and 6.25% contribution for 2% @ 62.

The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS’ Board of Administration. The required employer contribution rate for the 2.5% @ 55 tier was 10.823% for April 2020 – June 2020 and 11.742% from July 2020 – March 2021. For the 2% @ 60 tier, the employer rate was 8.081% from April 2020 – June 2020 and 8.794% from July 2020 – March 2021. For the 2% @ 62 tier, the employer rate was 6.985% from April 2020 – June 2020 and 7.732% from July 2020 - March 2021. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions:

As of March 31, 2021, the District reported a \$4,674,819 net pension liability for its proportionate share of the net pension liability of the Plan.

The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share of the net pension liability for the Plan as of March 31, 2021 was as follows:

Proportion - March 31, 2020	0.0423%
Proportion - March 31, 2021	0.0430%
Change - Increase (Decrease)	0.0007%

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2021 and 2020

NOTE 6. PENSION PLANS (Continued)

Defined Benefit Pension Plan (CalPERS) (Continued):

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

For the year ended March 31, 2021, the District recognized pension expense of \$718,517. At March 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred out flows of resou ces	Deferred inflows of resources
Differences between actual and expected experience	\$ 240,908	\$ --
Change in assumptions	--	33,343
Net differences between projected and actual earnings on plan investments	138,872	--
Change in employer's proportion	106,463	16,629
Differences between the employer's contributions and the employer's proportionate share of contributions	--	108,930
Pension contributions subsequent to measurement date	411,633	--
Total	<u>\$ 897,876</u>	<u>\$ 158,902</u>

The \$411,633 reported as deferred outflows of resources relates to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will increase (decrease) recognized pension expense as follows:

Year ending March 31,	Amount
2022	\$ 24,524
2023	131,699
2024	104,512
2025	66,606
	<u>\$ 327,341</u>

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2021 and 2020

NOTE 6. PENSION PLANS (Continued)

Defined Benefit Pension Plan (CalPERS) (Continued):

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Actuarial Assumptions: The March 31, 2021 total pension liability was determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Ag Normal Cost Method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary Increase	Vari by entry age and service.
Mortality	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2021 and 2020

NOTE 6. PENSION PLANS (Continued)

Defined Benefit Pension Plan (CalPERS) (Continued):

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to a single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset class	Assumed asset allocation	Real return years 1-10 (a)	Real return years 11+ (b)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2021 and 2020

NOTE 6. PENSION PLANS (Continued)

Defined Benefit Pension Plan (CalPERS) (Continued):

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability, calculated using the discount rate, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		15%
Net Pension Liability	\$	6,937,862
Current Discount Rate		7.15%
Net Pension Liability	\$	4,674,819
1% Increase		8.15%
Net Pension Liability	\$	2,804,938

Pension Plan Fiduciary Net Position: Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan: At March 31, 2021, the District had no outstanding contributions payable to the pension plan required for the year ended March 31, 2021.

NOTE 7. RISK MANAGEMENT

The District covers its liability for significant claims by purchasing workers’ compensation, property, and liability insurance. There have been no significant reductions in insurance coverage in the current year. Settlement amounts have not materially exceeded insurance coverage for the current and prior year.

NOTE 8. OPERATING LEASES

The District is the lessor of land and improvements under operating leases expiring in various years through 2032. Of the District’s total capital assets, a portion of total land, structures and improvements is available for rent and concessions, and docks (berths) are available for slip licensing, while the remainder is held for District use.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2021 and 2020

NOTE 8. OPERATING LEASES (Continued)

Following is a summary of property held for lease at March 31:

	2021	2020
Land	\$ 1,224,703	\$ 1,224,703
Structures and improvements	28,248,918	27,859,758
Docks	<u>26,987,214</u>	<u>24,077,276</u>
	6,460,835	53,161,737
Less accumulated depreciation and amortization	<u>27,076,407</u>	<u>25,479,044</u>
	<u>\$ 29,384,488</u>	<u>\$ 27,682,693</u>

Minimum future lease income to be received on non-cancelable rent and concession leases as of March 31, 2021, for each of the next 5 years and in the aggregate is:

2022	\$ 741,277
2023	482,813
2024	298,876
2025	177,408
2026	51,575
The aggregate	<u>225,458</u>
	<u>\$ 1,977,407</u>

Minimum future lease income does not include contingent rentals that may be received under certain leases based on the volume of business conducted by the lessee. Contingent rental income on non-cancelable leases for the years ended March 31, 2021 and 2020, totaled approximately \$396,202 and \$683,971, respectively.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Public Employees’ Medical and Hospital Care Act (PEMHCA)

The District administers a multiple-employer defined benefit healthcare plan (the Plan). The Plan provides medical healthcare insurance for eligible retirees and their spouses through the California Public Employees’ Retirement System (CalPERS) Health Benefits Program under the Public Employees’ Medical and Hospital Care Act (PEMHCA). No dental, vision, or life insurance benefits are provided by the Plan. Currently there are 3 retired employees and 34 active employees participating in the Plan.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2021 and 2020

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Funding Policy: There is no statutory requirement for the District to pre-fund its OPEB obligation. The District has currently chosen to pay Plan benefits on a pay-as-you-go basis and does not maintain a trust fund for its OPEB obligation. The District’s fixed dollar benefit contribution cannot be less than the PEMHCA minimum for PEMHCA actives and retirees. The District accrued these benefits at the monthly statutory rate (\$143 for 2021) for each participant in the PEMCHA plan. The total amount paid directly by the District to CalPERS for the District’s health premium contributions under PEMHCA for retiree medical health care plan postemployment benefits for the fiscal year was \$1,576. Including the implicit rate subsidy of \$7,340 and administrative expenses of \$79, the District’s total contributions to the plan for the year ended March 31, 2021, were \$8,995.

Total OPEB liability: The District’s total OPEB liability was measured as of March 31, 2020 and was determined by an actuarial valuation as of April 1, 2019 with update procedures used to roll forward the total pension liability to March 31, 2020. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

Valuation Date	April 1, 2019
Measurement Date	March 31, 2020
Contribution Policy	None funding
Actuarial assumptions:	
Discount rate	2.27% at March 31, 2020 (Bond buyer 20-bond index)
General inflation	2.75% annually
Mortality, retirement disability and termination	CalPERS 1997-2015 experience study
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2019
Medical trend	Non-medicare: 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare: 6.3% for 2021, decreasing to an ultimate rate of 4.0% for 2076
PEMHCA minimum increase	4.25% annually
Participation at retirement	Actives: 30% initially, increasing to 50% in 2034 Retirees: 100% if covered

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2021 and 2020

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.79%. This rate is equal to the municipal bond twenty-year bond index rate as the District’s OPEB plan does not have any fiduciary net position.

Changes in the Total OPEB Liability: The changes in the Total OPEB liability are as follows:

Balance at 3/31/20 (3/31/19 measurement date)	<u>\$ 483,228</u>
Changes in the year:	
Service cost	53,462
Interest	20,235
Assumption changes	177,131
Benefit payments	<u>(5,538)</u>
Net changes	<u>245,290</u>
Balance at 3/31/21 (3/31/19 measurement date)	<u><u>\$ 728,518</u></u>

Change of Assumptions

The discount rate changed from 3.7 % for the measurement period ended March 31, 2019, to 2.27% for the measurement period ended March 31, 2020 as a result of the change in the municipal bond 20-year high grade rate index.

Change of Benefit Term

There were no changes of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

1% Decrease	1.27%
Total OPEB Liability	\$ 889,726
Current Discount Rate	2.27%
Total OPEB Liability	\$ 728,518
1% Increase	3.27%
Total OPEB Liability	\$ 604,559

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2021 and 2020

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in Healthcare Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage point lower and 1-percentage point higher than the current healthcare trend rate:

1% Decrease		6.25%
Total OPEB Liability	\$	580,677
Current Trend		7.25%
Total OPEB Liability	\$	728,518
1% Increase		8.25%
Total OPEB Liability	\$	930,084

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended March 31, 2021, the District recognized OPEB expense of \$82,876. At March 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ --	\$ 63,371
Change in assumption	165,396	1,892
OPEB contributions made subsequent to the measurement date	<u>8,995</u>	<u>--</u>
Total	<u>\$ 174,391</u>	<u>\$ 65,263</u>

The OPEB contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending March 31, 2022.

Payable to the OPEB Plan: At March 31, 2021, the District had no outstanding amount of contributions to the OPEB plan required for the year ended March 31, 2021.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2021 and 2020

NOTE 10. DREDGING REIMBURSEMENT

In November, 2015, the District entered into an agreement with the Department of the Army Corps of Engineers (Corps) to reimburse the District for a portion of expected dredging costs, only if funds are specifically appropriated for that purpose. The agreement terminates on April 1, 2025. Due to the uncertainty of the availability of funds, revenue will be recorded when the funds are ultimately received. During the year ended March 31, 2021, the District received \$385,000 in payments from Department of the Army Corps of Engineers for dredging operations that occurred in 2019-20. During the year ended March 31, 2020, the District received \$385,000 in payments from Department of the Army Corps of Engineers for dredging operations that occurred in 2018-19.

NOTE 11. SUBSEQUENT EVENTS

Management has evaluated its March 31, 2021 and 2020 financial statements for subsequent events through **September 28, 2021**, the date of issuance of the financial statements. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

DRAFT

SANTA CRUZ PORT DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years*

	March 31, 2021		March 31, 2020		March 31, 2019		March 31, 2018		March 31, 2017		March 31, 2016	
Measurement date	June 30, 2020	0.0430%	June 30, 2019	0.0423%	June 30, 2018	0.414%	June 30, 2017	0.0409%	June 30, 2016	0.0406%	June 30, 2015	0.0400%
Plan's proportionate share of the net pension liability	\$ 4,674,819		\$ 4,338,392		\$ 3,908,790		\$ 4,052,992		\$ 3,509,957		\$ 2,745,051	
Plan's covered - employee payroll**	\$ 2,222,678		\$ 2,239,940		\$ 2,174,440		\$ 1,995,472		\$ 1,730,361		\$ 1,680,148	
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	210.32%		193.68%		183.54%		203.11%		202.85%		163.38%	
Plan's proportionate share of the fiduciary net position as a percentage of the proportionate share of the Plan's total pension liability	75.10%		75.6%		75.26%		73.31%		74.06%		78.40%	
Plan's proportionate share of aggregate employer contributions	\$ 50,939		\$ 49,504		\$ 430,069		\$ 400,662		\$ 365,656		\$ 343,279	

Notes to Schedule:

Changes in Benefit Terms:

None

Change in Assumptions:

None

* - Fiscal year 2016 was the first year of implementation, therefore six years are shown.

** - For the year ending on the measurement date

SANTA CRUZ PORT DISTRICT

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLANS

Last 10 Fiscal Years*

	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Actuarially determined contribution	\$ 528,402	\$ 465,337	\$ 397,547	\$ 332,430	\$ 309,357	\$ 188,042
Contributions in relation to the actuarially determined contribution	<u>(528,402)</u>	<u>(465,337)</u>	<u>397,547</u>	<u>(332,430)</u>	<u>(309,357)</u>	<u>(188,042)</u>
Contribution deficiency (excess)	\$ --	\$ --	\$ -	\$ --	\$ --	\$ --
Covered-employee payroll**	\$ 2,182,330	\$ 2,267,13	\$ 2,227,398	\$ 2,160,998	\$ 1,912,027	\$ 1,692,156
Contributions as a percentage of covered-employee payroll	24.21%	20.53%	17.85%	15.38%	16.18%	11.11%

Notes to Schedule:

Changes in Benefit Terms:

None

Change in Assumptions:

None

* - Fiscal year 2016 was the first year of implementation, therefore 5 years are shown.

** - For the fiscal year ending on the date shown

SANTA CRUZ PORT DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

	<u>March 31, 2021</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Measurement date	March 31, 2020	March 31, 2019	June 30, 2018
Total OPEB liability:			
Service cost	\$ 53,462	\$ 54,348	\$ 53,126
Interest on total OPEB liability	20,235	20,887	18,141
Actual vs. expected experience	--	(78,459)	--
Changes in assumptions	177,131	5,778	(2,705)
Benefit payments, including refunds and the implied subsidy benefit payments	(5,538)	(3,883)	(1,705)
Net change in total OPEB liability	245,90	(1,329)	66,857
Total OPEB liability - beginning of the year	483,228	484,557	417,700
Total OPEB liability - end of the year (a)	<u>728,518</u>	<u>483,228</u>	<u>484,557</u>
Plan fiduciary net position:			
Contributions - employer	--	--	--
Net investment income	--	--	--
Administrative expenses	--	--	--
Benefit payments, including refunds and the implied subsidy benefit payments	--	--	--
Net change in plan fiduciary net position	--	--	--
Plan fiduciary net position - beginning of the year	--	--	--
Plan fiduciary net position - end of the year (b)	--	--	--
Net OPEB Liability - Endin (a)-(b)	<u>\$ 728,518</u>	<u>\$ 483,228</u>	<u>\$ 484,557</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered - employee payroll**	\$ 2,458,539	\$ 2,411,907	\$ 2,127,435
Net OPEB liability as a percentage of covered - employee payroll	29.63%	20.04%	22.78%

Notes to Schedule:

Changes in Benefit Terms:

None

Change in Assumptions:

The discount rate changed from 3.79% for the measurement period ended March 31, 2019, to 2.27% for the measurement period ended March 31, 2020 as a result of the change in the municipal bond 20-year high grade rate index.

* - Fiscal year 2019 was the first year of implementation, therefore three years are shown.

** - For the year ending on the measurement date



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Santa Cruz Port District
Santa Cruz, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Santa Cruz Port District (the District), as of and for the year ended March 31, 2021, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **September 28, 2021**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 28, 2021

DRAFT

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

Board of Commissioners
Santa Cruz Port District
Santa Cruz, California

Our report on our audits of the basic financial statements of the Santa Cruz Port District as of and for the years ended March 31, 2021 and 2020, appears on pages 1-2. The audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Insurance Coverage on page 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we express no opinion on it.

September 28, 2021

DRAFT

SANTA CRUZ PORT DISTRICT

SCHEDULE OF INSURANCE COVERAGE

March 31, 2021

As of March 31, 2021, the District's insurance coverage was as follows:

	LIMITS	DEDUCTIBLE
UMBRELLA / BUMBERSHOOT LIABILITY	\$14,000,000	\$25,000
Each Occurrence, excess of \$1,000,000 primary		
PROPERTY		
Building , Business Personal Property, Business Income, Contractor's Equipment, Piers, Wharves, and Docks (Loss Limits and Deductibles are given as total, subject to sublimit described in policy)	\$39,690,931	See policy
MARINA OPERATORS LEGAL LIABILITY		
Each Occurrence	\$1,000,000	\$5,000
BUSINESS AUTO		
Liability, Combined Single Limit	\$1,000,000	\$1,000
Medical Payments	\$5,000	None
Uninsured/Underinsured Motorist	\$1,000,000	None
HULL AND MACHINERY / PROTECT ON AND INDEMNITY		
Hull and Machinery	\$5,296,600	Per Schedule
Protection and Indemnity	\$1,000,000	\$1,000
PUBLIC OFFICIALS Liabili		
Each Claim and in the Aggr ate	\$2,000,000	\$25,000
Includes Employment Practices Liability		\$50,000
UNDERGROUND STORAGE TANKS		
Each Incident	\$1,000,000	\$25,000
Total Policy Aggregate Limit	\$2,000,000	
GENERAL LIABILITY		
General Aggregate	\$2,000,000	None
Products/Completed Operations Aggregate	\$1,000,000	None
Each Occurrence	\$1,000,000	None
FLOOD		
Each Incident and Aggregate (2 Properties)	\$500,000	\$1,250
	\$500,000	\$1,250



TO: Port Commission
FROM: Holland MacLaurie, Interim Port Director
DATE: September 1, 2021
SUBJECT: Approval of Engineering Services for Site Improvements at 1025 Brommer Street

- Recommendation:**
- 1. Authorize the Interim Port Director to execute the following contracts for site improvements to District-owned property on the northwest corner of 7th and Brommer (1025 Brommer Street):**
 - a. Mesity-Miller engineering (NTE \$60,000)**
 - b. Haro, Kasunich and Associates, Inc. (NTE \$9,500)**
 - 2. Approve funding reallocation from the Unallocated Capital Improvement Fund (F099) to the 7th and Brommer Reconnaissance Fund (F021)**

BACKGROUND

The Port District owns a 2.2-acre parcel on the northwest corner of 7th and Brommer (1025 7th Avenue), which is used primarily for vessel dry storage and storage of commercial fishery-related equipment. The Port District utilizes a portion of the parcel for its own storage needs, including a dredge boneyard for off-season storage of equipment. Additionally, the Port District has an encroachment permit over a portion of the County's right-of-way on the southeast corner of the site for parking and related uses.

The parcel is zoned C-2 "Community Commercial," which in addition to its current use, allows for the development of a small restaurant and retail operation.

Mesity-Miller Engineering (MME) was retained to conduct a site assessment to study options for expanding and improving vessel dry storage, adding commercial space (a small restaurant and retail operation), and providing overflow trailer parking. The Commission reviewed preliminary site layouts at its meeting on March 23, 2021, and provided design input to make the facility more user-friendly by including angled parking spaces, wider access aisles, and improved circulation.

On June 22, 2021, MME presented revised site layouts which incorporated the Commission's previous design input and relocated the dredge boneyard to the North Harbor Dry Storage facility adjacent to the working dredge yard. Site plans C5.0 and C9.0 (Attachment A) were selected as the preferred options, and the Commission directed staff to solicit a proposal from MME for development of construction documents and specifications for the preferred layouts.

ANALYSIS

MME will provide engineering services necessary to prepare and deliver construction documents including plans, specifications and estimates for use in competitive bidding and construction of this project. Detailed building design and permitting for the proposed retail and restaurant operation are not included in this phase of work, however, MME will plan and account for future utility service to the commercial site.

MME will coordinate with geotechnical engineers, Haro Kasunich, and Associates, Inc. (HKA) to evaluate the surface and subsurface soil conditions at the site and provide geotechnical design criteria for site grading, pavement design, stormwater infiltration, and general site drainage. A separate, standalone contract with HKA is proposed for these services.

The figures below represent the estimated design budget based on proposals submitted by MME and HKA:

Mesiti-Miller Engineering (MME)

Contract Amount	\$ 54,570
Contingencies (approx. 10%)	<u>\$ 5,430</u>
MME Total	\$ 60,000

Haro, Kasunich, and Associates (HKA)

Contract Amount	\$ 8,703
Contingencies (approx. 10%)	<u>\$ 797</u>
HKA Total	\$ 9,500

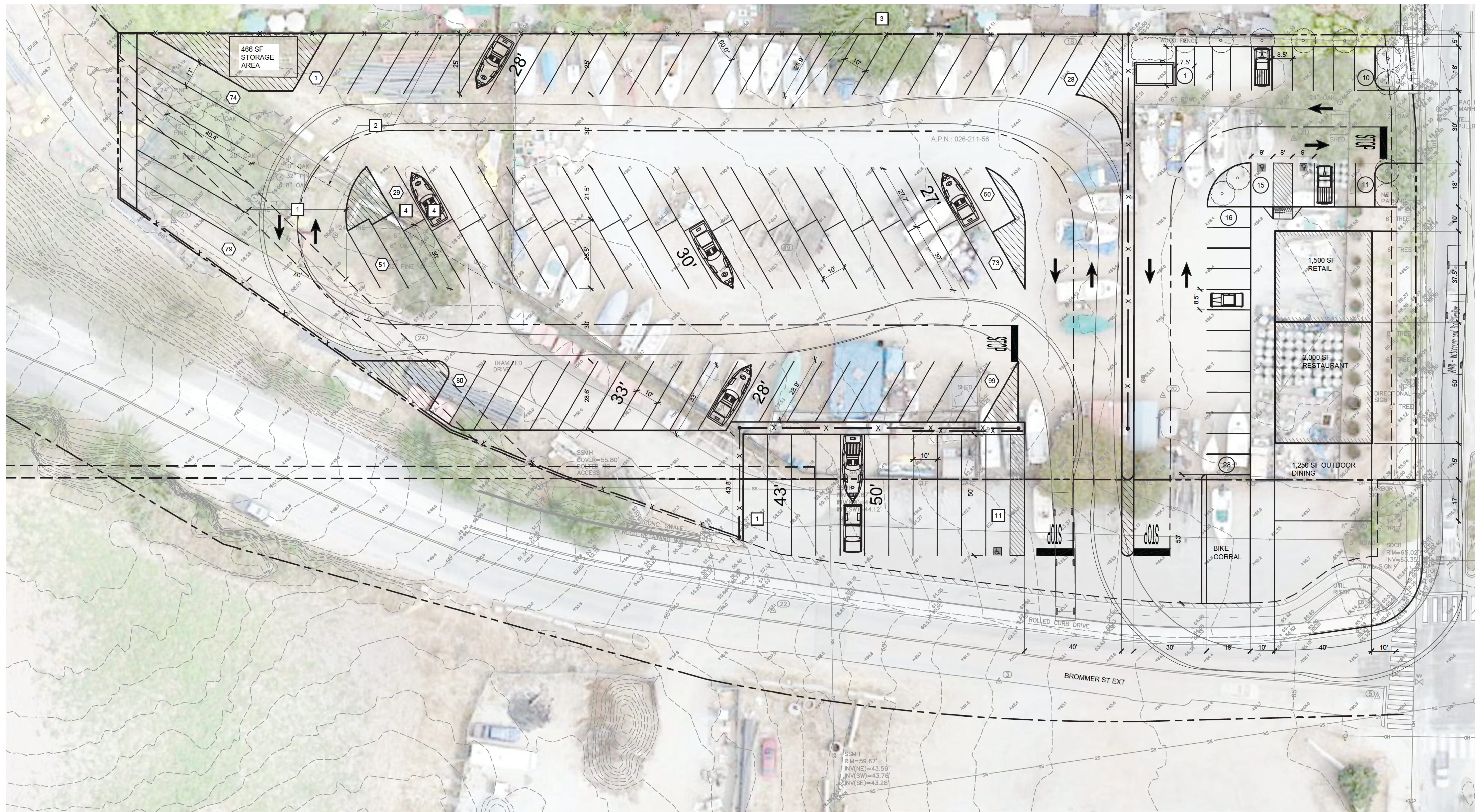
Total Design Budget	\$69,500
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IMPACT ON PORT DISTRICT RESOURCES

The 7^h and Brommer Reconnaissance Fund Balance (F021) totaled \$22,905 as of September 1, 2021. A reallocation of \$65,000 from the Unallocated CIP (F099) to the 7th and Brommer Reconnaissance Fund (F021) is recommended to provide adequate funding for the two proposed contracts, in-house labor, reports, and/or legal fees. The Unallocated CIP (F099) will be reduced from \$321,797 to \$256,797. Future Capital Improvement Plan funding will be required in FY23 for subsequent phases of work, including project construction.

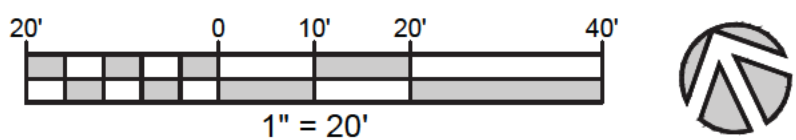
Anticipated annual revenue for the selected site plan concepts (C5.0 and C9.0) is estimated at \$363,000, or approximately \$49,000 more than existing revenue of approximately \$314,000 at full capacity. Actual revenue may vary somewhat from estimates based on occupancy.

ATTACHMENT: A. Site Plan Concepts C5.0 and C9.0



7BDS SITE PLAN OPTION 5 - 60° ANGLED SPACES

SCALE: 1" = 20'



PARKING DEMAND
 RESTAURANT = 1 PER 100 SF GROSS FLOOR AREA (GFA) = 20 SPACES
 RETAIL = 1 PER 200 SF GROSS FLOOR AREA = 8 SPACES
 TOTAL = 28 SPACES

BIKE PARKING = 1 PER 400 GFA = 9
 ACCESSIBLE PARKING = 2, AT LEAST 1 VAN ACCESSIBLE
 COMPACT SPACES ALLOWED = 15 (10%), 3 PROVIDED

SHEET NOTES

- 1 ACCESS AISLE BETWEEN ROWS, REDUCES PARKING COUNT INCREASES CIRCULATION
- 2 EXISTING DREDGE EQUIPMENT AREA TO BE REMOVED, 9,633 SF
- 3 SWEEP PATH ANALYSIS OF MOTORHOME WITH BOAT TRAILER. THIS DESIGN VEHICLE HAS A LARGER, WORST CASE TURNING CIRCLE THAN A 45 FT BUS AND A 20 FT TRUCK WITH A 20 FT TRAILER
- 4 SPACES ACCESSIBLE WITH SMALLER TOW VEHICLE

SETBACKS
 A.P.N.: 026-211-56
 ADDRESS: 1025 7TH AVENUE
 SIZE: 2.2 ACRES
 DESIGNATION: COMMUNITY COMMERCIAL
 ZONE: C-2
 MINIMUM SITE AREA PER PARCEL: 10,000 SF
 MINIMUM PARCEL FRONTAGE: 60 FT
 MINIMUM YARDS: 10 FRONT, 0 SIDE, 0 REAR
 MAXIMUM BUILDING HEIGHT: 3 STORIES, < 35 FT

EXISTING CONDITIONS NOTES:
 EXISTING SPACES AT NORTH HARBOR DRY STORAGE ARE 9.5' TO 10' WIDE
 EXISTING PULL-THROUGH SPACES AT BOAT RAMP ARE 10' TO 10.5' WIDE

7TH & BROMMER PARKING COUNT			
	EXISTING	PROPOSED	CHANGE
DRY STORAGE	77	99	22
30'-33'	77	29	-48
28'	0	48	48
24'-27'	0	22	22
RIG OVERFLOW	16	11	-5
RESTAURANT	0	28	28
TOTAL	93	138	45

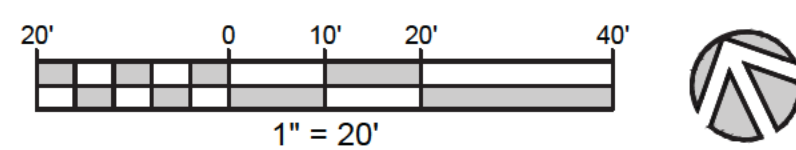
DESIGN VEHICLE
 MOTORHOME -
 30FT LONG X 8FT WIDE WITH 20FT CHASSIS
 TRAILER -
 20FT LONG X 8FT WIDE, 15FT FROM HITCH TO WHEEL BASE
 FORWARD DESIGN SPEED = 5 MPH
 REVERSE DESIGN SPEED = 2.5 MPH

DATE	06/16/2021	BY	RC	DESCRIPTION
REV	A	RELEASED FOR CLIENT REVIEW ONLY		
MME CIVIL-STRUCTURAL ENGINEERING 224 Main Street, Suite 200, Santa Cruz, CA 95060 Phone (831) 455-3188				
PRELIMINARY NOT FOR CONSTRUCTION				
7TH & BROMMER DESIGN STUDY PREPARED AT THE REQUEST OF MARIAN OLIN, PORT DIRECTOR 135 5TH AVENUE SANTA CRUZ, CA 95062				
DRAWN BY:	AH			
CHECKED BY:	RC			
JOB NUMBER:	20148			
SHEET				
C5.0				



**NORTH HARBOR SITE PLAN
OPTION 9 - NEW ANGLED PARKING**

SCALE: 1" = 20'



EXISTING CONDITIONS NOTES:
EXISTING SPACES AT NORTH HARBOR DRY STORAGE ARE 9.5' TO 10' WIDE
EXISTING PULL-THROUGH SPACES AT BOAT RAMP ARE 10' TO 10.5' WIDE

SHEET NOTES

- 1 ACCESS AISLE BETWEEN ROWS, REDUCES PARKING COUNT
INCREASES CIRCULATION
- 2 NEW DREDGE EQUIPMENT AREA
- 3 SWEEP PATH ANALYSIS OF MOTORHOME WITH BOAT TRAILER.
THIS DESIGN VEHICLE HAS A LARGER, WORST CASE TURNING
CIRCLE THAN A 45 FT BUS AND A 20 FT TRUCK WITH A 20 FT
TRAILER

NORTH HARBOR PARKING COUNT			
	EXISTING	PROPOSED	CHANGE
DRY STORAGE	106	86	-20
30'-33'	35	65	30
28'	42	21	-21
24'-26'	29	0	-29
DREDGE AREA (SF)	13,159	24,732	11,573

NOTE: 9,633 SF STORAGE YARD AT 7TH AND BROMMER TO BE REMOVED

DESIGN VEHICLE

- MOTORHOME -
30FT LONG X 8FT WIDE WITH 20FT CHASSIS
- TRAILER -
20FT LONG X 8FT WIDE, 15FT FROM HITCH TO WHEEL BASE
- FORWARD DESIGN SPEED = 5 MPH
- REVERSE DESIGN SPEED = 2.5 MPH

REV	DESCRIPTION	BY	DATE
△	RELEASED FOR CLIENT REVIEW ONLY	RC	06/16/2021

MME
MESI-MILLER ENGINEERING
116 S. SHILOH ST. SUITE 200
SANTA ANA, CA 92701
Phone (817) 455-3189

PRELIMINARY
NOT FOR
CONSTRUCTION

7TH & BROMMER DESIGN STUDY
PREPARED AT THE REQUEST OF
MARIAN OLIN, PORT DIRECTOR
135 5TH AVENUE
SANTA CRUZ, CA 95062

NORTH HARBOR SITE PLAN
OPTION 9 - NEW ANGLED PARKING

DRAWN BY: AH
CHECKED BY: RC
JOB NUMBER: 20148

SHEET
C9.0



TO: Port Commission
FROM: Carl Wulf, Facilities Maintenance and Engineering Manager
DATE: September 17, 2021
SUBJECT: Award of Contract for Reroofing the Maintenance Building

Recommendation: *Authorize the interim Port Director to execute a contract with Premo Roofing to reroof the maintenance building at 425 Brommer Street Extension, in an amount not to exceed \$57,000.*

BACKGROUND

The Port District's maintenance building, located at 425 Brommer Street Extensions, has a composite fiberglass shingle roof that is likely original to the building and in need of replacement prior to the upcoming winter rains.

ANALYSIS

Informal bids were solicited in accordance with the California Public Contract Code. Three bids were received and evaluated on the basis of product cost and schedule (availability to complete the work prior to winter rains).

The lowest bidder to submit a complete and valid bid meeting the District's timeline for project completion was Premo Roofing in the amount of \$54,450. One of the bids submitted (Alameda Roofing \$53,624) was lower than Premo Roofing, but project completion was estimated to occur in March 2022, at the earliest.

Staff recommends award of the contract to Premo Roofing.

Construction Budget

The project budget is as follows:

Contract Amount:	\$54,450.00
Contingencies (approx. 5%):	\$2,550.00
Total:	\$57,000.00

Work required as part of this project consists of removing the existing shingled roof, sealing the roof deck with a waterproof membrane layer, and installing approximately 4,950 SF of new shingle roofing. The chosen shingle is the CertainTeed PRO Series (40-year roof). The building's gutters and drip edge are made of copper, appear to be in good condition, and therefore will be reused as part of this project.

IMPACT ON PORT DISTRICT RESOURCES

Adequate funding for this project is available in the Capital Improvement Project Building Restoration Fund (F11), which as of September 21, 2021, has an available balance of \$213,836.



TO: Port Commission

FROM: Carl Wulf, Facilities Maintenance and Engineering Manager

DATE: September 14, 2021

SUBJECT: Approval of Extended Warranty Contracts with Caterpillar for *Twin Lakes* C32 and C18 Engines (NTE \$27,000.00)

Recommendation: Approve the extended warranty contracts with Caterpillar in an amount not to exceed \$27,000.

BACKGROUND

The District’s C18 engine powers the generator onboard *Twin Lakes*, while the C32 engine powers the main pump. The District acquired the equipment in 2016, as part of the *Twin Lakes* purchase. The original purchase included a standard warranty, which expired in November 2017.

At a special public session on February 13, 2018, the Port Commission approved extended warranty contracts with Caterpillar for the C18 and C32 engines for terms up to 60 months or 5,000 hours. Current hours for the C18 total 4,775, while current hours for the C32 total 4,030. It is estimated that both engines will reach the 5,000-hour warranty threshold prior to the conclusion of the upcoming dredge season.

ANALYSIS

The C18 and C32 engines are vital to the day-to-day dredging operation. Purchasing additional extended warranties will provide assurance that maintenance and repairs are performed in a timely manner to minimize downtime and reduce expenses associated with any necessary repair.

The terms and cost for each warranty are described below.

EQUIPMENT	TERM OF EXTENDED WARRANTY	COST OF WARRANTY
<i>Twin Lakes</i> ’ C32 Engine	60 Months or 7,500 hours (Parts & Labor)	\$14,750.00
<i>Twin Lakes</i> ’ C18 Engine	60 Months or 7,500 hours (Parts & Labor)	\$12,525.00
Total		\$27,000.00

C32 and C18 Advantage Engine Only Platinum Coverage

For the C32 and C18 engines, the warranty clock starts from the date of manufacture, so the 7,500 hour warranty term is reduced by current usage hours. For the C18, current usage is 4,775 hours, leaving 2,725 hours (or 5 years) of coverage and for the C32, current usage is 4,030 hours, leaving 3,470 hours (or 5 years) of coverage. Caterpillar has indicated that once the engines reach the 7,500-hour threshold, additional extended warranty options are no longer available.

There are a number of exclusions and limitations under the warranties. The following highlights some of the coverage exclusions and owner responsibilities:

- Routine maintenance or consumable products such as oil, filters, belts are excluded;
- “Mechanical breakdown” caused by normal wear and tear, corrosion or physical or mechanical erosion, failure to maintain proper level of lubricants and coolants, repairer workmanship, use of improper or contaminated fuel or fluid is excluded.

Coverage requires that the District operate, maintain, and perform all recommended maintenance for the covered equipment according to the guidelines and recommendations as specified in the manufacturer’s Operation and Maintenance (O&M) Manual. An authorized dealer must be used for all scheduled oil sampling, and testing must be performed at the service intervals specified in the O&M Manual.

IMPACT ON PORT DISTRICT RESOURCES

Funding for the two extended warranties is an unanticipated expense in FY21 and will be paid for out of the dredge program.

Santa Cruz Port District
Resolution 21-05
September 28, 2021

On the motion of _____

Duly seconded by _____

A resolution honoring and recognizing Senior Deputy Harbormaster (DHM) Don Kinnamon for his distinguished service to the Santa Cruz Port District.

WHEREAS, Senior DHM Kinnamon joined the ranks of the Santa Cruz Harbor Patrol in 1990, and since that time has exemplified integrity, ingenuity, and perseverance while dutifully supporting the relationship between the Port District and harbor community; and,

WHEREAS, throughout his career, Senior DHM Kinnamon has provided critical safety and public relations support to the Santa Cruz Port District, working tirelessly in often precarious and hazardous conditions to assist boaters and the harbor community; and,

WHEREAS, during his distinguished career, Senior DHM Kinnamon has been the deserving recipient of many honors, including being named the California Boating Safety Officer of the Year in 2000, and being appointed to service on the board for the California Association of Harbor Masters and Port Captains; and,

WHEREAS, in 2019, Senior DHM Kinnamon received commendation from the Santa Cruz Port Commission for his role in identifying and securing \$530,000 in funding for a replacement patrol vessel; and,

WHEREAS, the Santa Cruz Port District and the harbor community have benefited significantly from Senior DHM Kinnamon's leadership and dedication to community service, law enforcement, and marine search and rescue, in which Senior DHM Kinnamon is responsible for saving countless lives; and,

WHEREAS, after 31 years of exemplary service with the Santa Cruz Port District, Senior DHM Kinnamon is retiring on October 2, 2021;

NOW, THEREFORE, BE IT RESOLVED that the Santa Cruz Port District Commission and harbor community hereby extend its appreciation and gratitude to Senior DHM Kinnamon for his 31 years of distinguished service to the Santa Cruz Port District.

PASSED AND ADOPTED, by the Santa Cruz Port District Commission this 28th day of September 2021, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Approved by:

Thomas Goddard, Chairman
Santa Cruz Port Commission

Santa Cruz Port District
Accounts Payable Monthly Check Register
August 2021

Date	Number	Vendor	Description	Amount
8/6/2021	55369	Employee #1914	7/16/21-7/31/21 Payroll	\$ 529.59
8/13/2021	55370	Ace Portable Services	Portable Toilet Rental	\$ 205.93
8/13/2021	55371	Allied Administrators for Delta Dental	Dental Insurance	\$ 3,454.82
8/13/2021	55372	Amerigas	Ancillary Equipment Fuel	\$ 201.74
8/13/2021	55373	A Sign ASAP!	Water Conservation Signage	\$ 93.29
8/13/2021	55374	AT&T	Telephone	\$ 4,224.10
8/13/2021	55375	Bay Power Equipment, Inc.	Beach Valve Hydraulic Cylinders	\$ 531.25
8/13/2021	55376	Bingham, Melissa	Security Deposit Refund	\$ 130.16
8/13/2021	55377	Blueprint Express of Santa Cruz	Document Scanning	\$ 103.83
8/13/2021	55378	Briner, Mark	Security Deposit Refund	\$ 201.06
8/13/2021	55379	Central Coast Systems	2222 East Cliff Drive Elevator Tamper Switch (Tenant Reimbursable)	\$ 354.00
8/13/2021	55380	Christian, Anthony	Security Deposit Refund	\$ 14.23
8/13/2021	55381	Citi Cards	Breakroom Supplies	\$ 470.38
8/13/2021	55382	Comcast	Business Television	\$ 24.31
8/13/2021	55383	Complete Mailing Service	Statement Mailing & Postage	\$ 504.21
8/13/2021	55384	Computer Technical Specialists, Inc.	E-mail Scanning & Backup	\$ 732.24
8/13/2021	55385	County of Santa Cruz	Address Labels Dredge Permit Renewal	\$ 71.00
8/13/2021	55386	Crow's Nest Restaurant	1/2 Concession Lot Garbage (Tenant Reimbursable)	\$ 2,944.12
8/13/2021	55387	Duncan Parking Technologies, Inc.	Parking Meter Programmer Rental	\$ 385.50
8/13/2021	55388	Ewing Irrigation Products, Inc.	Boatyard Trench Drain Filters	\$ 72.28
8/13/2021	55389	Fehr Engineering Company, Inc.	Engineering Services: 333 Lake Avenue Electrical Project	\$ 425.00
8/13/2021	55390	Ferguson Enterprises, Inc.	Water Meter	\$ 221.96
8/13/2021	55391	Garda CL West, Inc.	Deposit Courier Service	\$ 395.93
8/13/2021	55392	GP Crane & Hoist	Quarterly Hoist Maintenance (\$259.46 Tenant Reimbursable)	\$ 389.19
8/13/2021	55393	Grainger	PVC Couplings	\$ 143.39
8/13/2021	55394	Gsolutionz	Telephone System Maintenance	\$ 216.95
8/13/2021	55395	Jeros, Andrew	Security Deposit Refund	\$ 473.10
8/13/2021	55396	Jones, Doug	Security Deposit Refund	\$ 275.75
8/13/2021	55397	Kondzielaski, Mike	Security Deposit Refund	\$ 785.48
8/13/2021	55398	Large's Metal Fabrication, Inc.	Trash Compactor Repair	\$ 417.00
8/13/2021	55399	MBS Business Systems	Copier Usage Charges	\$ 840.38
8/13/2021	55400	McMaster-Carr Supply Company	Welding Rod, <i>Twin Lakes</i> Vacuum Gauge	\$ 231.25
8/13/2021	55401	Melrose, Rick	Expense Reimbursement: Lumber for Sign Stands	\$ 255.10
8/13/2021	55402	Mesiti-Miller Engineering, Inc.	Engineering Services: 2222 East Cliff Drive Deck	\$ 651.00
8/13/2021	55403	Mid County Auto Supply	Fuel Can	\$ 36.52

Santa Cruz Port District
Accounts Payable Monthly Check Register
August 2021

Date	Number	Vendor	Description	Amount
8/13/2021	55404	Mission Uniform Service	Uniform Service	\$ 313.92
8/13/2021	55405	Moffat & Nichol	Fishery Pier Pile Inspection	\$ 8,600.00
8/13/2021	55406	Nixon-Egli Equipment Co	Crane Cylinder Assembly	\$ 1,168.34
8/13/2021	55407	Old Republic Title	497 Lake Avenue Title Report	\$ 400.00
8/13/2021	55408	Operating Engineers Local Union No. 3	Union Dues (Payroll Deduction)	\$ 330.00
8/13/2021	55409	Palace Art & Office Supply	Office Supplies	\$ 194.60
8/13/2021	55410	Praxair Distribution Inc.	Welding Gas	\$ 320.02
8/13/2021	55411	San Lorenzo	Dauntless Cribbing Lumber	\$ 1,348.76
8/13/2021	55412	Michael Smith	Back Flow Testing	\$ 123.00
8/13/2021	55413	Santa Cruz Tire & Auto Care	Patrol Vehicle Maintenance & Oxygen Sensor Replacement	\$ 566.41
8/13/2021	55414	Scheidt & Bachmann	Concession Lot Parking Equipment Monthly Warranty	\$ 2,554.13
8/13/2021	55415	Santa Cruz Municipal Utilities	Utilities	\$ 10,772.38
8/13/2021	55416	Southland Printing	Concession Lot Parking Machine Tickets	\$ 4,261.28
8/13/2021	55417	Svensen's Boat Works	Dauntless Anodes	\$ 404.08
8/13/2021	55418	Tony Varni	Maintenance Vehicle Lift Inspection	\$ 320.00
8/13/2021	55419	TranSystems Corporation	Dock Accessibility Report	\$ 11,327.00
8/13/2021	55420	Travers, Manny	Security Deposit Refund	\$ 101.16
8/13/2021	55421	Triton Construction	Designated Operator Service	\$ 300.00
8/13/2021	55422	U.S. Bank Equipment Finance	Copier Lease	\$ 151.31
8/13/2021	55423	US Relay	Webcam Service	\$ 484.00
8/13/2021	55424	WEX Bank	Fleet Fuel	\$ 2,339.95
8/13/2021	55425	Verizon Wireless	Cell Phone & Tablet Service	\$ 428.40
8/13/2021	55426	Mark Larsen DBA: Viking	Window Cleaning	\$ 35.00
8/13/2021	55427	West Marine Pro	Boatyard Retail Items	\$ 917.86
8/13/2021	55428	Zee Medical Service Co.	First Aid Supplies	\$ 114.71
8/19/2021	55429	Employee #1910	8/16/21-8/19/21 Payroll	\$ 725.68
8/26/2021	55430	DMV	Maintenance Workboat Use Tax	\$ 1,664.00
8/27/2021	55431	Allied Universal	Security Patrol	\$ 919.82
8/27/2021	55432	American Rubber Products	Dredge Gasket Rubber	\$ 457.07
8/27/2021	55433	AT&T	Telephone	\$ 2,396.91
8/27/2021	55434	Atchison Barisone Condotti & Kovacevich	Legal Consultation	\$ 17,299.95
8/27/2021	55435	CIT	Telephone System Lease	\$ 323.09
8/27/2021	55436	B AND B Small Engine	Equipment Fuel	\$ 28.22
8/27/2021	55437	Bay Building Janitorial, Inc.	Janitorial Services, Refuse Collection	\$ 9,192.00
8/27/2021	55438	Bay Plumbing Supply, Inc.	PVC Slip Cap	\$ 15.49

Santa Cruz Port District
Accounts Payable Monthly Check Register
August 2021

Date	Number	Vendor	Description	Amount
8/27/2021	55439	Bayside Oil II, Inc.	Hazardous Waste Disposal	\$ 787.25
8/27/2021	55440	Big Creek	Drill Bits, <i>Dauntless</i> Decking, <i>Squirt</i> Cribbing Lumber, Buckets, Paint Scrapers	\$ 1,511.42
8/27/2021	55441	Employee #2	Holiday & Vacation Payout	\$ 3,486.42
8/27/2021	55442	Bob Murray & Associates	Executive Recruitment Services	\$ 5,601.76
8/27/2021	55443	Bow Wow Pet Waste Products	Pet Waste Station Bags	\$ 340.01
8/27/2021	55444	Central Coast Systems	Fire Alarm Monitoring	\$ 210.00
8/27/2021	55445	Comcast	Business Internet	\$ 620.94
8/27/2021	55446	Complete Mailing Service	Statement Mailing & Postage	\$ 520.22
8/27/2021	55447	Computer Technical Specialists, Inc.	Technical Support (January - July)	\$ 4,622.01
8/27/2021	55448	County of Santa Cruz DPW	7th & Brommer Lot	\$ 1,200.00
8/27/2021	55449	County Specialty Gases	Welding Gas	\$ 95.02
8/27/2021	55450	Crystal Springs Water Co.	Boatyard Drinking Water	\$ 29.25
8/27/2021	55451	Data Ticket, Inc.	Citation Processing (June)	\$ 555.85
8/27/2021	55452	Ditto's Embroidery	Uniform Shirts	\$ 1,704.76
8/27/2021	55453	Dredging Supply Company, Inc.	<i>Twin Lakes</i> Bushings, Pin, Thrust Washer, Pressure Transmitter	\$ 16,322.36
8/27/2021	55454	Elevator Service Company	Monthly Service (\$223.60 Tenant Reimbursable)	\$ 430.00
8/27/2021	55455	Fastenal Company	Cut-off Wheels, Steel Brushes	\$ 283.77
8/27/2021	55456	Ferguson Enterprises, Inc.	PVC Couplings	\$ 45.31
8/27/2021	55457	Garda CL West, Inc.	Excess Items Fees	\$ 11.02
8/27/2021	55458	Grainger	Disposable Gloves, Paint Remover, Ear Plugs, Drum Gauge, Flap Discs, Brooms, Dust Pans, Traffic Signs, Paint	\$ 1,044.61
8/27/2021	55459	Home Depot Credit Services	2222 East Cliff Drive Deck Fencing, Screw Drivers, Drill Bit Holder, Wet/Dry Vacuum	\$ 295.95
8/27/2021	55460	Horizon Water and Environment, LLC	Consulting Services: Regional General Permit	\$ 266.25
8/27/2021	55461	Hutchinson & Bloodgood LLP	Fiscal Year 2021 Audit (Progress Payment)	\$ 10,000.00
8/27/2021	55462	Jim Walters	Transport Services: <i>Squirt</i>	\$ 1,080.00
8/27/2021	55463	Kelly-Moore Paint Company, Inc.	Primer	\$ 1,461.11
8/27/2021	55464	Lawson	<i>Twin Lakes</i> Hydraulic Hardware	\$ 240.92
8/27/2021	55465	Lord & Sons, Inc.	Gangway Hardware	\$ 146.40
8/27/2021	55466	Matheson Tri-Gas, Inc.	Welding Gas	\$ 58.71
8/27/2021	55467	MBS Business Systems	Copier Usage Charges	\$ 1,562.34
8/27/2021	55468	McMaster-Carr Supply Company	<i>Twin Lakes</i> Stainless Steel Hardware, <i>Twin Lakes</i> Snorkel Jet Nozzle Reducers, Safety Wire, <i>Dauntless</i> Propeller Shaft Set Screw, <i>Twin Lakes</i> Gasket Sealant, Coupler Nuts, Screws, <i>Dauntless</i> Hydraulic Tank Pipe Fittings	\$ 1,338.87
8/27/2021	55469	Mid County Auto Supply	Lubricant, Hydraulic Oil, Oil, Oil Filter, Air Filter, Coolant	\$ 693.49
8/27/2021	55470	Mission Uniform Service	Uniform Service	\$ 488.20

Santa Cruz Port District
Accounts Payable Monthly Check Register
August 2021

Date	Number	Vendor	Description	Amount
8/27/2021	55471	Monterey Bay Analytical Services	Boatyard Stormwater Testing	\$ 452.50
8/27/2021	55472	Pacific Gas & Electric Company	Utilities	\$ 27,428.87
8/27/2021	55473	Palace Art & Office Supply	Office Supplies	\$ 117.42
8/27/2021	55474	Peterson	Annual Dozer Maintenance	\$ 20,399.28
8/27/2021	55475	Praxair Distribution Inc.	Welding Supplies	\$ 773.68
8/27/2021	55476	Red Wing Shoe Store	Maintenance Staff Work Boots	\$ 662.10
8/27/2021	55477	San Lorenzo	Launch Ramp Tire Chocks, Gangway Lag Screws, Fasteners, Asphalt Repair Supplies	\$ 561.13
8/27/2021	55478	Michael Smith	Annual Backflow Testing	\$ 498.00
8/27/2021	55479	Santa Cruz Electronics, Inc.	<i>Twin Lakes</i> Electrical Terminals	\$ 8.61
8/27/2021	55480	Santa Cruz Fire Equipment Company	Hazmat Shed Fire System Inspection	\$ 192.61
8/27/2021	55481	Santa Cruz Tire & Auto Care	Patrol & Dredge Vehicle Maintenance	\$ 138.79
8/27/2021	55482	SC Fuels	Fuel Dock Gas & Diesel	\$ 26,434.39
8/27/2021	55483	Santa Cruz Municipal Utilities	Utilities	\$ 11,207.83
8/27/2021	55484	Sisemore, Chris	Security Deposit Refund	\$ 62.00
8/27/2021	55485	Staples Credit Plan	Office Supplies	\$ 221.09
8/27/2021	55486	Svensden's Boat Works	Boatyard Retail Items, <i>Twin Lakes</i> Anodes, <i>Dauntless</i> Anodes	\$ 3,166.88
8/27/2021	55487	The Home Depot Pro Institutional	Janitorial Supplies	\$ 2,006.70
8/27/2021	55488	WEX Bank	Fleet Fuel	\$ 1,761.49
8/27/2021	55489	West Marine Pro	<i>Scout</i> Tube Repair, Boat Stands, <i>Twin Lakes</i> Pipeline Anodes, Buoy Paint, Maintenance Workboat Bottom Paint, <i>Twin Lakes</i> Caulking, Clamp, Hose	\$ 8,109.24
8/27/2021	55490	West Marine Pro	Boatyard Retail Items	\$ 585.50
8/27/2021	55491	Woolard, Doug	Security Deposit Refund	\$ 372.00
8/5/2021	Various	Various Employees	7/16/21-7/31/21 Payroll	\$ 11,743.94
8/20/2021	Various	Various Employees	8/1/21-8/15/21 Payroll	\$ 11,936.23
8/1/2021	EFT	ElectronicPayments	Fuel Dock Credit Card Fees	\$ 728.35
8/1/2021	EFT	Gravity Payments	Front Desk Credit Card Fees	\$ 2,016.30
8/1/2021	EFT	Merchant Services	Online Billpay Credit Card Fees	\$ 202.85
8/1/2021	EFT	Merchant Services	Boatyard Credit Card Fees	\$ 707.58
8/1/2021	EFT	Merchant Services	Parking Machine Credit Card Fees	\$ 6,563.35
8/1/2021	EFT	Transaction Express	Online Billpay ACH Fees	\$ 500.87
8/1/2021	EFT	Windcave, Inc.	Concession Lot Credit Card Fees	\$ 3.32
8/5/2021	EFT	PAYCHEX	Payroll Service Fees	\$ 557.53
8/5/2021	EFT	PAYCHEX	7/16/21-7/31/21 Payroll Taxes	\$ 30,921.08
8/5/2021	EFT	PAYCHEX	7/16/21-7/31/21 Payroll Direct Deposits	\$ 61,719.94

Santa Cruz Port District
Accounts Payable Monthly Check Register
August 2021

Date	Number	Vendor	Description	Amount
8/6/2021	EFT	Comerica Commercial Card Services	Concession Lot Parking Umbrella, Employee Recognition Luncheon, Uniform Shirt, Signage, Zip-Ties, Zoom Subscription, Recruitment Advertising, Santa Cruz Harbor Hats, Commission Meeting Refreshments, Workplace Application Subscription, Prosper Forms Subscription, Beach Valve Hydraulic Cylinder Parts, Stainless Cutting Tools, <i>Twin Lakes</i> Electrical Switches, Sand Blaster Vacuum Motor, Fish Table Hoses, <i>Never Late</i> Buoy, Fuel Tank, Maintenance Vehicle Air Conditioning Repair, Lubricant, Bolt Pins, <i>Dauntless</i> Cutlass Bearings, Maintenance Workboat Freight, <i>Dauntless</i> Deck Conveyor Belting, Office Supplies, Stormwater Testing	\$ 9,940.80
8/9/2021	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 1,250.25
8/9/2021	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 6,953.08
8/9/2021	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 7,368.98
8/9/2021	EFT	CalPERS	Health Insurance	\$ 42,864.71
8/10/2021	EFT	Comerica Bank-Cost Center	Service Fees	\$ 1,187.29
8/10/2021	EFT	Empower Retirement	457 Contributions (Payroll Deduction)	\$ 3,176.99
8/10/2021	EFT	Gravity Payments	Front Desk Credit Card Gateway Fee	\$ 18.24
8/20/2021	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 1,235.64
8/20/2021	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 6,957.00
8/20/2021	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 7,094.53
8/20/2021	EFT	CalPERS	Unfunded Accrued Liability	\$ 601.17
8/20/2021	EFT	CalPERS	Unfunded Accrued Liability	\$ 3,169.17
8/20/2021	EFT	CalPERS	Unfunded Accrued Liability	\$ 29,384.50
8/20/2021	EFT	CalPERS	GASB-68 Reporting Fee	\$ 1,050.00
8/20/2021	EFT	Empower Retirement	457 Contributions (Payroll Deduction)	\$ 3,153.20
8/20/2021	EFT	PAYCHEX	Time & Attendance Fees	\$ 109.00
8/20/2021	EFT	PAYCHEX	Payroll Service Fees	\$ 557.53
8/20/2021	EFT	PAYCHEX	8/1/21-8/15/21 Payroll	\$ 33,188.65
8/20/2021	EFT	PAYCHEX	8/1/21-8/15/21 Payroll	\$ 67,160.48
8/23/2021	EFT	WEX Bank	Fleet Fuel	\$ 290.31
8/30/2021	EFT	Windcave, Inc.	Concession Lot Credit Card Fees	\$ 1,063.24
Total August 2021 Disbursements				\$ 619,495.01



TO: Port Commission
FROM: Blake Anderson, Harbormaster
DATE: September 15, 2021
SUBJECT: Harbormaster's Report

National Oceanic and Atmospheric Administration (NOAA) Meeting

Staff participated in a virtual meeting hosted by NOAA and Sanctuary officials on September 2, 2021. The "Law Enforcement Technical Advisory Group" normally meets in person twice a year to discuss marine enforcement issues in the Monterey Bay. The group includes representatives from NOAA, Monterey Bay National Marine Sanctuary (MBNMS), U.S. Coast Guard, California Department of Fish and Wildlife, California State Parks, and others having oversight and enforcement responsibility within the sanctuary. Topics at this meeting included agency staffing updates, recent personal watercraft (PWC) enforcement issues, garbage issues at area beaches, recent vessel groundings, transient vessel monitoring (anchorage areas), and vessel disposal updates.

Patrol Boat Replacement Project

On September 1, 2021, staff met with representatives from Moose Boats at their facility in Vallejo to review construction progress on the Port District's new patrol boat. Staff was very pleased to see the progress and actually set foot on the new vessel, which is nearing completion. Staff had the opportunity to discuss the final layout before the vessel goes to the sandblasting bay. Minor adjustments were made to cleat placement, handrail placement, and storage areas. Moose Boats expects to have the vessel finished by early November with sea trials commencing shortly thereafter. Staff expects the vessel to arrive in Santa Cruz in late November or early December.



Outrigger Canoe Race

The Annual Tony Gora & Dave Dyc Memorial Long Distance Race took place on Saturday, August 28, 2021, on Harbor Beach. Canceled in 2019 due to COVID-19, this large-scale event attracts outrigger canoe clubs from all around California and features a long (10 mile), short (5 mile), and kid's (3 mile) race. Participants enjoyed nice weather and calm seas throughout the event.

9/11 Memorial Event

Staff participated in a September 11th memorial event at Seacliff State Beach along with vessels from U.S. Coast Guard, California Fish and Wildlife, U.S.A.F. National Guard, and other local partners. The 20th Anniversary event was held in memory of first responders lost in the attacks. It also included a ceremony and stair-climb fundraiser benefiting charitable causes.



SAVE Grant – Vessel Disposal

Staff organized the disposal of seven vessels on August 26, 2021, costing \$8,668.00. The work, which was performed at the boatyard, was funded through the California Division of Boating and Waterways SAVE Grant. Approximately \$26,000 remain in the District's two-year grant fund, which expires September 30, 2022. To ensure funding beyond September 2022, the District will apply for the 2022-2023 SAVE Grant, which opens in early 2022.

Central Fire Training

Staff participated in a marine-rescue training with Central Fire on September 16, 2021. The training consisted of a patrol boat orientation for new rescue swimmers, vessel rescues/tows, and area familiarization (Natural Bridges SB to the harbor). Following the arrival of the District's new patrol vessel, Deputy Harbormaster staff will work with local agencies to ensure all personnel are familiar with the vessel and are aware of any operational differences that might affect calls for service.

Fisheries Report

The fisheries report consists of data from two sources: the Department of Fish and Wildlife (DFW) and the H&H Fresh Fish (resident fish buyer). The data from DFW is partially redacted in accordance with federal fisheries laws. Data is considered confidential when less than three separate vessels land species at any one port. For species landed by three or more separate vessels, the full data is made public and includes weight and value. For other data, the species landed is shown with no weight data.

August 2021 – Total Port Landings:

Species	Weight (lbs.)	Ex-Vessel (per lbs.)	Approx. Value
Chinook Salmon	2,786.70	\$9.64	\$26,868.75
CA Halibut	11,280.25	\$8.04	\$54,360.80
Sablefish	6,752.90	\$2.79	\$18,829.05
Starry Flounder	19.05	\$2.02	\$38.60
Lingcod	499.35	\$2.96	\$1,481.85
Blackgill Rockfish	580.00	\$2.05	\$1,193.00
Jacksmelt	498.50	\$1.11	\$553.95
Total lbs. Reported:	22,416.75	Total Ex-Vessel:	\$103,326.00

Species also landed* - Northern Anchovy, Butterfish, White Croaker, Pacific Halibut, Rockfish (various species), Rock Crab, Dover Sole, Sand Sole, Petrale Sole, Thornyhead Shortspine, Thornyhead Longspine Market Squid, Flounder, Sanddab, White Seabass

**weight and value data redacted by Fish and Wildlife pursuant to Fish and Game Code, Section 8022.*

August 2021 – Resident Buyer Landings:

Species	Weight (lbs.)	Ex-Vessel (per lbs.)	Approx. Value
Chinook Salmon	2,927.20	\$10.00	\$29,272.00
CA Halibut	3,756.60	\$6.50	\$24,417.90
Sablefish	4,147.40	\$3.00	\$12,442.20
Flounder	20.55	\$2.00	\$41.10
Soles	31.25	\$2.00	\$62.50
Lingcod	455.75	\$3.00	\$1,367.25
White Seabass	74.50	\$6.00	\$447.00
Rockfish (various)	1,228.76	\$3.00	\$3,686.28
Sanddabs	66.75	\$3.00	\$200.25
Longspine Thornyhead	12.50	\$3.00	\$37.50
Shortspine Thornyhead	61.31	\$3.00	\$183.93
Total lbs. Reported:	12,787.57	Total Ex-Vessel:	\$72,157.91



TO: Port Commission
FROM: Carl Wulf, Facilities Maintenance Engineering Manager
DATE: September 22, 2021
SUBJECT: Facilities Maintenance & Engineering Report

Dredging Operations:

Twin Lakes

Work continues on *Twin Lakes*. Crews have completed installing a new knife valve on the discharge pipe to improve pump cleanout time, replacing the service water pump, and welding new hardfacing on the inside of the snorkel elbow.

Squirt

Squirt was moved from the boatyard to the dredge yard for extended maintenance since north harbor dredging will not occur during the 2021-22 season. Prior to the move, *Squirt's* hull was repainted

Dauntless

Dauntless was splashed on September 2, 2021, following off-season maintenance at the boatyard. Lighthouse Welding has completed fabrication of the new A-Frame, which crews are currently painting and prepping for install on September 23, 2021.

Maintenance:

New Workboat

Maintenance crews have been working to complete installation of the motor and other necessary equipment on the new workboat, which has been dubbed *Big Red*. Staff looks forward to splashing *Big Red* on September 23, 2021.



Water Leak

Maintenance staff worked with the City's Water Department to identify a leak in the 6" distribution line by the trash compactor in the north harbor.



Facilities Engineering Manager:

I met with John Kasunich, engineer with Haro Kasunich and Associates, regarding the East Access Road Embankment Assessment and Repair Project. We are looking into feasible repair options to restore the failing slope conditions underneath the slab-on-grade platform used to support the crane.

PG&E is currently on-site doing some upgrades on the main gas transmission line near X1-dock. They will be on-site for about 2 weeks.

As you all know, the District's lift stations are a critical piece of infrastructure and a high priority to evaluate and repair. I am currently working with MKN & Associates to develop a plan for assessing the lift stations. I have a lot of experience working with MKA's civil and environmental engineers who are specialized in water, wastewater, and reuse facilities.



To: Port Commission
 From: Blake Anderson, Harbormaster
 Date: Sept 20, 2021
 Subject: 2020-2021 Vessel Use List Review

BACKGROUND

Port District Ordinance Section 302.1 – *Regular Use of Vessel* requires all slip licensees to make continuous personal use of their vessel on a regular basis. Continuous personal use is defined as taking the boat out of the slip and harbor for any length of time on at least ten separate days during any twelve-month period.

Each year, staff identifies use list candidates based on specific criteria as outlined in the Vessel Use List Administration Policy (Attachment A). Once the use list is generated, those licensees selected are required to log ten uses within a specified period (12-months) to verify the ocean-going use of their vessel. If the minimum use requirement is not met, the licensee may be subject to the slip revocation process.

The policy and operations committee met in July 2018, to review the “regular use” requirement. Items discussed in that meeting included enforcement philosophy relating to Ordinance 302.1, use list criteria/selection, and licensee outreach regarding unused vessels. Based on the committee discussion, staff was directed to craft a policy relating to the administration of the use list. Subsequent to that meeting, staff implemented the *Vessel Use List Administration Policy* (attached).

ANALYSIS

This review covers the 2020-2021 use list (August 1, 2020 - July 31, 2021).

In total, 17 licensees were placed on the vessel use list for 2020-2021. A breakdown of the statistics is below:

STATISTICS:	NORTH HARBOR	SOUTH HARBOR
Total No. of Slips:	452	388
No. of customers on 2020-2021 use list:	9	8
No. of customers who met ten minimum uses:	2	3
No. of slips voluntarily released (from use list):	2	2
No. of extensions issued	2	1
No. of medical waivers:	0	0
No. of slip renters issued revoke notices for non-use:	3	2

Although staff understands that 100% compliance with the use list is unlikely, the list serves as a catalyst to speed up the sale or disposal of vessels that are no longer being used. Many times, those licensees placed on the use list are no longer interested in boating but hold onto their vessel and slip because they don't know what else to do in that situation. The use list administration process gives staff an opportunity to review the options available to boaters holding on to unused vessels. In staff's experience, most issues surrounding vessel use can be resolved without the need for the revocation process.

As depicted in the table above, seventeen licensees were placed on the 2020-21 list; five complied with the use requirement; four slips were voluntarily released; three were granted reasonable extensions through October 31, 2021; five licensees were issued revoke notices for non-use, and of those five, three appealed the revoke and were given a reasonable extension through December 2021.

2021-2022 Use List

Harbor staff has identified twelve vessels for the 2021-2022 use list based on criteria outlined in the policy. Initial notification letters were sent out on September 17, 2021, and staff will be in contact with those individuals throughout the next twelve months to ensure vessel use is achieved. Those licensees will have the period of October 1, 2021 – September 31, 2022, to complete the uses.

IMPACT ON PORT DISTRICT RESOURCES

There are no impacts to Port District resources in reviewing this report.

ATTACHMENTS: A. Vessel Use List Administration Policy

SUBJECT: Administration of Vessel Use List		
<i>Issued Date: September 3, 2018</i>	<i>Revised Date: September 3, 2018</i>	<i>Prepared By: Staff</i>
<i>Standard Operating Procedure: 1.22</i>	<i>Approved By:</i>	<i>Approval Date: February 13, 2019</i>

Staff shall use the following guidelines when selecting licensees for placement on the annual *Vessel Use List*.

PROCEDURE:

The vessel use requirement (Santa Cruz Port District Ordinance 302.1) is intended to ensure active boating and proper administration of the paid waiting list for slips. Additionally, the requirement aids in identifying and preventing illegal slip transference and illegitimate vessel partnerships.

Slip licensees selected for placement on the *Vessel Use List* will be required to check-in with harbor office 10 times per year when they use their vessel. Pursuant to the SLA, the vessel will be required to leave the entrance channel and venture onto the open waters of the Monterey Bay for any amount of time. Specifically, uses may not be called in from the slip or from within the harbor while moored.

Selection:

Selection to the use list shall only be made after obtaining satisfactory evidence that would lead one to reasonably believe the slip licensee is not making at least 10 ocean-going trips per year.

Staff shall make use list selections based on the following reason(s):

1. Obvious signs of vessel inoperability including*:
 - Excessive growth on the hull or running gear
 - Damaged or missing equipment
 - Animal nests/droppings

2. Expired vessel registration

3. Failure to pick up parking stickers in a timely manner

4. Suspected vessel/slip transference issues including:
 - Suspected illegal partnerships
 - Suspected unreported vessel ownership changes

*If a licensee is placed on the list due to obvious signs of vessel inoperability, then the physical condition that led to the determination should be documented with photographs and stored in the licensee's file.

5. Other suspicious circumstances which may indicate non-use by the licensee, so long as those circumstances and concerns can be specifically and reasonably articulated by staff.

“Random” selections shall not be made, nor shall slip licensees be added to the list two years in a row (unless an extension has been granted). Liveaboards may be placed on the list based on the same criteria as non-liveaboards but not solely because they live aboard their vessel.

Generally, staff should keep the number of people selected to a manageable number so that the program can be effectively and efficiently administered.

Additionally, where practicable, staff should make contact with those slip renters suspected of non-use throughout the year to discuss the use requirement prior to the creation of the official list.

Verification

Those selected to the *Vessel Use List* must check-in with the harbor office 10 times per year when they make a voyage.

- During office hours, licensees should call the harbor office on the phone or via VHF Channel 09
- After hours, licensees should contact Harbor Patrol on VHF Channel 09

When contacted, staff must reasonably verify that the licensee is aboard and that the vessel leaves the harbor entrance and log the vessel use. (Note: Ship’s logs shall not be used for purposes of verifying vessel use.)

Extensions and Exemptions

This policy is not intended to limit staff’s discretion in administering and/or enforcing the list. Within the spirit of the ordinance, staff should be able to reasonably justify any extensions or exemptions granted to licensees.

Licensees selected for the *Vessel Use List* who are unable to fulfill the requirement may appeal to the Harbormaster, in writing, to request an extension or exemption for that year based on extenuating circumstances. Each request shall be considered on a case-by-case basis by the Harbormaster.

Some possible reasons for limited term extensions or exemptions may include but are not limited to:

- Personal medical/health issues
- Familial obligations
- Major mechanical or structural issues
- Other extenuating circumstances

When limited term extensions or exemptions are granted the conditions should be documented in writing and placed in the licensees file and also recorded on the master list at the front desk.

Compliance / Documentation

Each year staff shall compile a master list of slip licensees selected for the annual vessel use list, and create a vessel use log to be used by staff to document uses by slip licensees.

The following documents shall be maintained in the slip licensee’s file:

- Any supporting documentation (i.e., photos and notes of contact(s) with slip licensee)
- A letter informing slip licensees of placement on the annual vessel use list

- Two reminder letters sent to slip licensees reminding them of the requirement and relevant due dates
- A letter of fulfillment sent to licensees who comply with the requirement.

Licensees who comply shall not be placed on the list the following year.

Non-Compliance / Documentation:

Staff shall work on non-compliance issues on a case-by-case basis and may initiate the revocation process. Revocation for non-compliance should be a last resort as staff is encouraged to work with licensees before it gets to that point. Staff should explain to out-of-compliance licensees that they have options including:

- Vessel Turn-In Program (VTIP)
- Sale of the vessel through a 1yr SLA
- Voluntary release of the slip and relocation to another harbor
- Slip Leave Option (Leave of Absence)

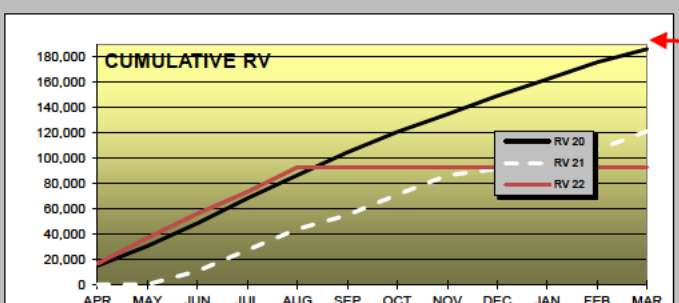
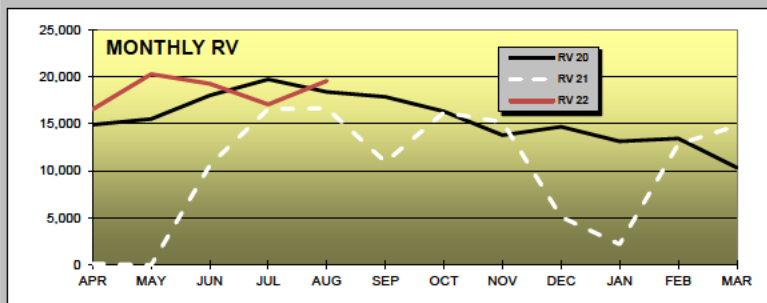
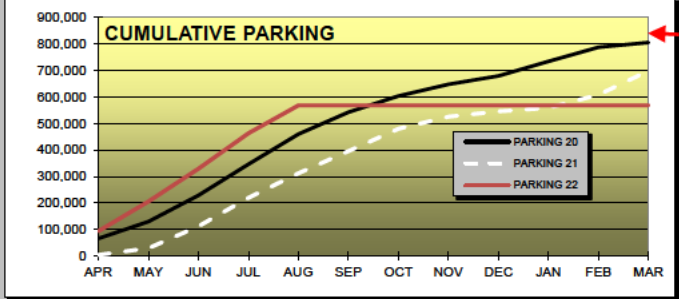
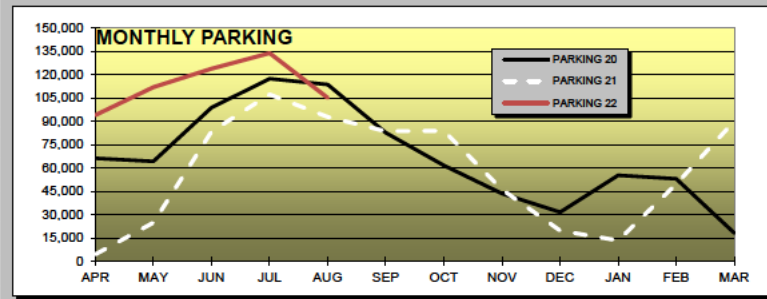
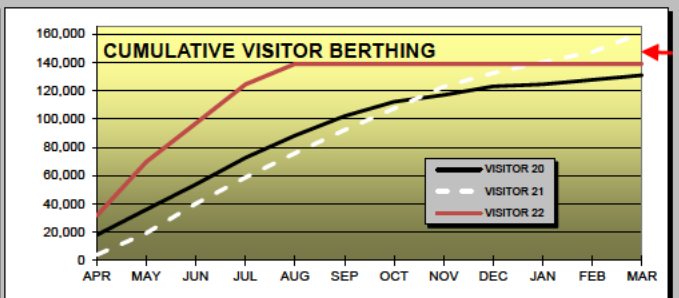
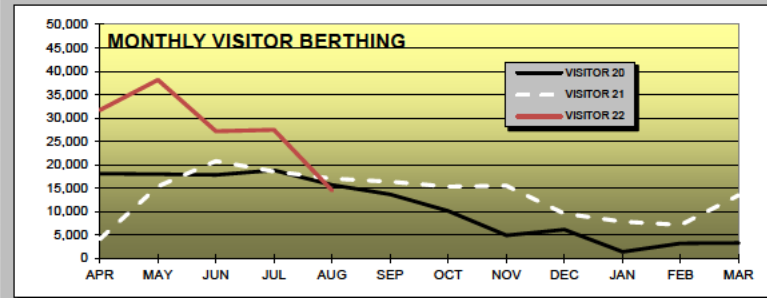
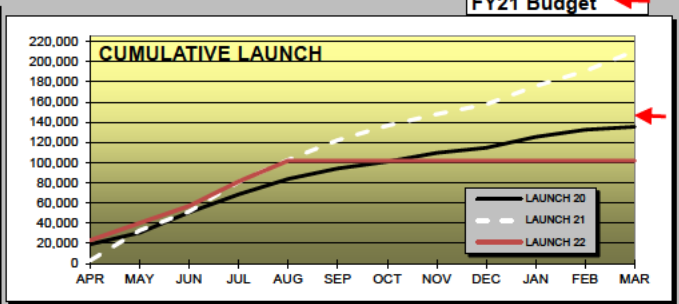
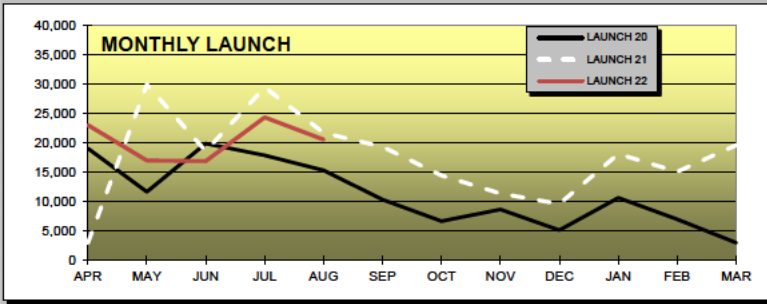
If the licensee fails to respond to staff's recommendations, the revocation process shall be initiated by the Harbormaster.

In addition to the documentation listed under "Compliance / Documentation" above, the following documents shall be maintained slip licensee's file:

- Letter informing slip licensees of any limited term extension or exemption granted
- Letter to slip licensees documenting failure to fulfill the requirement / slip revocation process

SEASONAL INCOME

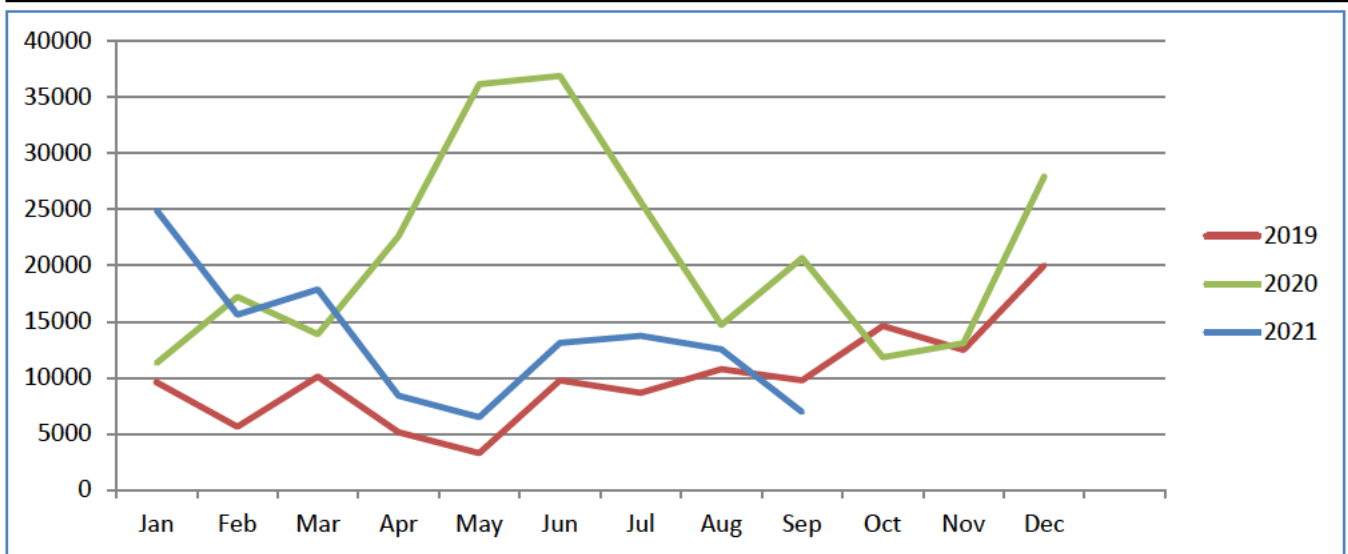
FY21 Budget ←



Santa Cruz Port District
60 DAY DELINQUENT ACCOUNTS

The following accounts have balances 60 days delinquent as of September 21, 2021

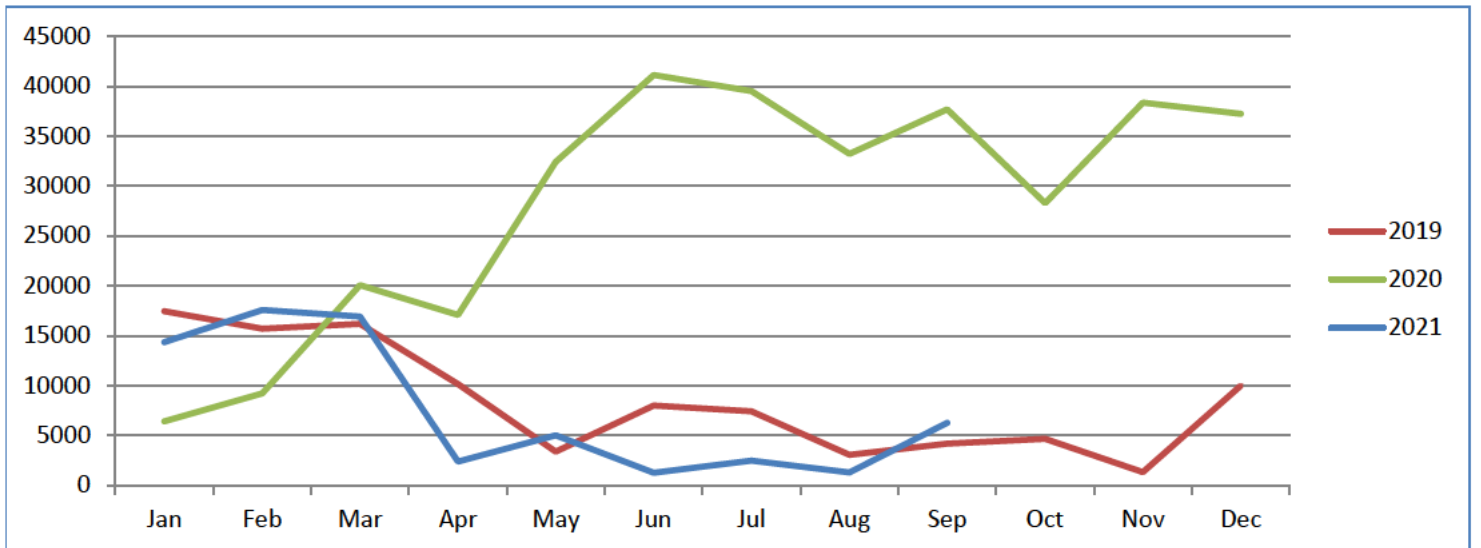
Account Number	Current Month	30 Day Balance	60 Day Balance	90 Day Balance	Total Balance
59325	36.37	890.37	511.29	0.00	1,438.03
47248	510.54	506.56	403.20	0.00	1,420.30
1057	677.99	562.89	100.31	0.00	1,341.19
3094	412.15	409.02	410.24	0.00	1,231.41
57958	201.44	200.00	173.55	0.00	574.99
58897	201.44	200.00	173.55	0.00	574.99
48170	84.24	83.76	58.27	0.00	226.27
59382	25.20	25.20	24.00	0.00	74.40
56685	25.09	25.09	10.59	0.00	60.77
Total:	2,174.46	2,902.89	1,865.00	0.00	6,942.35



Santa Cruz Port District
90+ DAY DELINQUENT ACCOUNTS

The following accounts have balances 90 days delinquent or greater as of September 21, 2021

Account Number	Current Month	30 Day Balance	60 Day Balance	90+ Day Balance	Total Balance	Commercial Slip	Action
4134	1,037.87	964.86	1,061.36	48.00	3,112.09	X	Revoke
56783	-	-	-	1,045.22	1,045.22		Bad Debt
58160	31.55	31.55	31.55	859.81	954.46		Revoke
56212	28.87	28.87	-	493.87	551.61		Bad Debt
58302	88.52	88.00	87.49	61.97	325.98		Revoke
56146	-	-	-	149.96	149.96		Bad Debt
59294	25.23	25.23	25.23	53.43	129.12		Bad Debt
TOTAL:	1,212.04	1,138.51	1,205.63	2,712.26	6,268.44		





TO: Port Commission
FROM: Sean Rothwell, Assistant Harbormaster
DATE: September 7, 2021
SUBJECT: Harbor Patrol Incident Response Report – August 2021

Search and Rescue, Patrol Boat Response

- 8/2/21 Harbor Patrol responded to a report of a capsized kayak in the area of Blacks Point. Upon arrival, Harbor Patrol located the victim in the water and brought him on board the patrol vessel. Harbor Patrol transported the victim to the harbor. No injuries reported.
- 8/7/21 Harbor Patrol responded to a request for assistance from the Capitola Police Department after a suspect evaded apprehension and entered the water from the Capitola Wharf. Upon arrival, the suspect was assisted to shore by State Parks Lifeguards and taken into custody by Capitola Police.
- 8/7/21 Harbor Patrol responded to a report of a vessel taking on water in the area of 36th Avenue. Upon arrival, the vessel operator contained the leak and Harbor Patrol provided an escort back to the launch ramp where the vessel was placed on a trailer.
- 8/9/21 Harbor Patrol responded to a report of an unclothed subject trespassing on board a vessel at anchorage in the area of the Santa Cruz Municipal Wharf. Upon arrival, Harbor Patrol brought the subject on board the patrol vessel and transported him to the Santa Cruz Municipal Wharf where he was taken into custody by Santa Cruz Police and evaluated by mental health liaisons. Harbor Patrol returned to harbor without incident.
- 8/10/21 Harbor Patrol responded to a report of a capsized kayak in the area of Seabright Beach. Upon arrival, Harbor Patrol located two victims in the water and brought them on board the patrol vessel. Harbor Patrol transported the victims to the harbor. No injuries reported.
- 8/12/21 Harbor Patrol responded to a report of a kayaker in distress in the area of Sunny Cove Beach. Upon arrival, Harbor Patrol located the kayaker struggling in the wind. Harbor Patrol brought the victim on board the patrol vessel and transported him to the harbor. No injuries reported.
- 8/13/21 Harbor Patrol responded to a report of a capsized kayak in the area of the harbor entrance. Upon arrival, Harbor Patrol located the victim in the water and brought him on board the patrol vessel. Harbor Patrol transported the victim to the launch ramp. No injuries reported.

- 8/18/21 Harbor Patrol responded to a report of multiple surfers in distress in the area of Pleasure Point. Harbor Patrol monitored the area as State Park Lifeguards and Central Fire rescue swimmers assisted approximately 30 surfers to shore. Harbor Patrol returned to harbor without incident.
- 8/28/21 Harbor Patrol responded to a report of a vessel adrift in the area of the Santa Cruz Municipal Wharf. Upon arrival, Harbor Patrol located an unmanned vessel dragging anchor. Harbor Patrol towed the vessel to the harbor and contacted the owner.
- 8/29/21 Harbor Patrol responded to a report of an unidentified object in the water in the area of Rio Del Mar State Beach. Harbor Patrol conducted a search of the area. No signs of distress were found. Harbor Patrol returned to harbor without incident
- 8/29/21 Harbor Patrol responded to a report of three stand-up paddleboarders in distress in the area of Twin Lakes State Beach. Upon arrival, Harbor Patrol contacted the paddleboarders and brought them on board the patrol vessel. Harbor Patrol transported the victims to the harbor. No injuries reported.

Crime Reports, Assist Outside Department and Incident Reports

- 8/1/21 Harbor Patrol responded to a report of a subject who tripped and fell while exiting a sailboat in the area of FF-dock. The victim was assisted by paramedics for an ankle injury and released into the care of a family member.
- 8/3/21 Harbor Patrol took an accident report after a minor vessel collision occurred in the area of X-dock. Harbor Patrol facilitated the exchange of information. Minor damage reported.
- 8/8/21 Harbor Patrol responded to a report of a medical emergency in the area of Eaton Street and Murray Street. Upon arrival, the victim was being assisted by paramedics who determined the subject was suffering from a diabetic issue. The victim refused medical treatment and was provided a courtesy transport home by Harbor Patrol.
- 8/8/21 Harbor Patrol took an incident report after a juvenile subject was bitten by a leashed dog in the area of Harbor Beach. The victim sustained a minor abrasion that was bandaged by State Park Lifeguards. Involved parties exchanged information and the case was turned over to State Park Rangers.
- 8/14/21 Harbor Patrol responded to a report of a verbal altercation between two slip renters on J-dock. Harbor Patrol deescalated the situation and cleared the scene without incident.
- 8/18/21 Harbor Patrol responded to a medical emergency in the area of the launch ramp after a subject severed his index finger while tying his boat to the dock during a strong surge event (finger became entangled in the line). Upon arrival, Harbor Patrol utilized first aid procedures to control the bleeding and prepared the victim for

transport to the hospital. The victim was transported to Dominican Hospital by paramedics.

- 8/19/21 Harbor Patrol took an accident report after a minor vessel collision occurred in the area of M-dock. Harbor Patrol facilitated the exchange of information. Minor damage reported.
- 8/21/21 Harbor Patrol responded to a report of overcrowding inside a harbor concession during the unsanctioned "Santa Cruz Ride Out" bicycle event. Harbor Patrol assisted in securing the scene and successfully reduced the number of occupants inside the store.
- 8/22/21 Harbor Patrol responded to a report of two subjects who tripped and fell in the area of the concession parking lot. Both subjects were evaluated and treated by paramedics for minor abrasions, but declined transport to Dominican Hospital for further evaluation.
- 8/22/21 Harbor Patrol took a stolen property report after a lock was found cut and a bicycle was reported missing from the area of L-dock. The bicycle was recovered the next day in a neighborhood two blocks from the harbor and returned to the owner. No suspect information.
- 8/28/21 Harbor Patrol responded to a report of an intoxicated subject in the area of 7th Avenue and Brommer Street. Upon arrival, Harbor Patrol located an unconscious male subject. Paramedics arrived on scene and transported the victim to Dominican Hospital.
- 8/31/21 Harbor Patrol responded to a report of a subject trespassing on board a vessel in the area of T-dock. Upon arrival, Harbor Patrol contacted and detained the subject with assistance from Santa Cruz Police. The subject was taken into custody by Santa Cruz Police and evaluated by mental health liaisons.

August Parking Citation: 327

Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062
831.475.6161
831.475.9558 Fax
www.santacruzharbor.org



PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Reed Geisreiter
Stephen Reed
Darren Gertler

August 24, 2021

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Feinstein:

Thank you for including Santa Cruz Port District's \$525,000 O&M dredging reimbursement in your list of congressionally directed spending requests for the FY22 Energy & Water Bill. As you know, this federal funding reimburses the Port District for approximately 35% of the annual cost of dredging the federal navigation channel. While this funding is critical to the harbor's operation and supports local jobs and businesses, it is also important to note that the agreement between the U.S. Army Corps of Engineers and the Santa Cruz Port District also benefits the federal government by reducing its cost share for maintaining safety and navigability of the federal channel at Santa Cruz Harbor for first responders, commercial and recreational boaters, and coastal mariners seeking refuge.

We appreciate your efforts to advance Santa Cruz Port District's funding request.

Sincerely,

A handwritten signature in blue ink, appearing to read "Toby Goddard". The signature is fluid and cursive, with the first name being more prominent.

Toby Goddard
Chairman, Santa Cruz Port District Commission

*Thanks again
for all your help!*

From: g.stearns Stearns <g.stearns@stearnsandmorecapital.com>
Sent: Sunday, August 22, 2021 12:44 PM
To: scpd@ SCPD
Cc: Marian Olin; Colin Young
Subject: Sea Rat Sailors Offer of Compromise Completed Week #9...

TO: Toby Goddard Chairman of Port Commission
TO: Stephen Reed Commissioner
TO: Port Commission via scpd@santacruzharbor.org
CC: Port Director via molin@santacruzharbor.org
CC: Sea Rat Boat Agent
DATE: 2020.06.30E Update 2021.08.22...
SUBJECT: Sea Rat Sailors Offer of Compromise Completed Week #9...

CHANGE OF CIRCUMSTANCE: Thank You for ReActivating Our Gate Keys after 21 Months.
CHANGE OF CIRCUMSTANCE: We Will Increase our Slip & Utility Payments & Sail Our Boat.
REQUESTED ACTION: Thank Harbor Master for Their Professional Handling of Circumstance.
REQUESTED ACTION: Congratulate Port Director on Their Recent Retirement August 15th.
SUGGESTED ACTION: Explore Harbor & Electric Motors -> <https://youtu.be/yAuvR6dpU00>

The Sea Rat's Boat Agent is Colin Young & Boat Partner is G Stearns. Boat Partner Agreement on File with Santa Cruz Harbor with Registration Insurance & All Harbor Fees Paid In Full.

We heard Marian Olin, Port Director, on KSCO Radio doing Local Outreach about Liking Harbor Live Aboards as they are only about 10% and the Harbor welcomes more as they are the eyes and ears in the harbor. Also that boat owners need only fill out the paperwork and pay the additional fees. We do not intend to "Live aBoard" yet Intend to "Work aBoard" Often with overnights so will Submit "Work aBoard" Paperwork & Pay the Extra Fees.

We have been involved in Local Radio TV & Politics at State, National & Global Level plus Global Social Networking & Global Business for some time and appreciated the Harbor's Outreach so do let us know how we may help the Harbor.

We have also been involved in nonprofessional emergency response to motorcycle car boat plane emergency situations plus private community management so we wish to offer those skills to the Harbor.

We have Attend Harbor Commission Meetings & Reviewed Harbor Financials therefore believe the Harbor Would Benefit from Our Additional Income.

We are Both SEC Accredited Investors with our recent Time Talent Tender being consumed by Personal Professional & Pandemic Transactions (Colin's Global Business & PPE to NYC Hospitals & Personal Real Estate) & (G's Global Business & PPE to NYC Hospitals & Mother's Death plus Trust Disbursement as The Sea Sooths His Soul).

The Sea Rat has Received a Demand Letter Dated 2021.05.25 that The Sea Rat is on the "Vessel Use List" and Must Report Sailing 10 Times by July 31st and the Boat Partner Sailing Alone does not Qualify as "A Sail".

The 2020/2021 Sailing Season has had Physical & Legal Obstacles to Sailing.

Therefore We make this Offer of Compromise:

1. We have No Intention to Live aBoard yet we Work aBoard Often & Sleep aBoard Overnight therefore we Offer to Increase our Monthly Payment Equal to Live aBoard Slip Rate & Live aBoard Utilities Rate.

2. Physically we have been Denied Access to our Boat to Sail for Over a Year because our Electronic Gate Keys were DeActivated therefore we will Complete our Combined Annual Sailing Quotas of 20 before August 2022.

3. Legally we have been Denied Access to Crew our Boat to Sail for Over a Year because Pandemic Shelter In Place Orders & Lock Down Orders & Social Distancing Orders therefore we will Complete our Combined Annual Sailing Quotas of 20 before August 2022.

To Accept our Offer of Compromise simply ReActivate our Electronic Gate Keys & We Will Increase our Next Monthly Payment plus Start Sailing as Proposed.

All The Best... The Sea Rat Sailors

P.S. The Sea Rat Fossil Fuel Outboard Failed & Converting to Solar Electric.

P.S.S. InPerson Delivery Failed Therefore eMailed Port Commission & Port Director.

P.S.S.S BTW Did Not Receive Written Notification of Planned DeActivation Date of Gate Keys
* * * * Citing the Law Being Violated that Stipulated Consequence was Denying Access to Property.

P.S.S.S.S Contact Boat Agent with Any Issues Slowing Acceptance so We Can Address Them by 7/31.

* * * * * No Issues Slowing Acceptance Received by 7/31 so We Believe Our Offer of Compromise OK.

* * * * * Probably Best ReActivate Gate Keys so Boat Owners can Access Their Property & Sail then Adjust The Sea Rat Work aBoard Agreement Along The Way As Needed Based on Changing Circumstances.

All The Best... G

Act Global... Grow Local...

Brand Monterey Bay & Invest Monterey Bay...

Regional Innovation for People Planet Profits...

LinkedIN.com/in/g-stearns-a274

Facebook.com/glenn.stearns

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

From: g.stearns Stearns <g.stearns@stearnsandmorecapital.com>
Sent: Sunday, August 29, 2021 8:22 PM
To: scpd@ SCPD
Cc: Marian Olin; Holland MacLaurie; Colin Young
Subject: Sea Rat Sailors Offer of Compromise Completed & Confusion Week #10...

TO: Toby Goddard Chairman of Port Commission
TO: Stephen Reed Commissioner
TO: Port Commission via scpd@santacruzharbor.org
CC: Port Director via molin@santacruzharbor.org
CC: Port Director Interim the Admin Services Mgr via hmaclaurie@santacruzharbor.org
CC: Sea Rat Boat Agent
DATE: 2020.06.30E Update 2021.08.29b...
SUBJECT: Sea Rat Sailors Offer of Compromise Completed & Confusion Week #10...

CONFUSING CURCUMSTANCE: 2021.08.28 USPS BOX Visit Found Harbor Letter Dated 2021.08.19.
CONFUSING CURCUMSTANCE: 2021.08.28 Letter Stated "Notification of Slip Revocation 9/19"
CONFUSING CURCUMSTANCE: 2021.08.28 Boat Owners Assume Computer Letter Generated In Error.
CURRENT CURCUMSTANCE: Colin Ticketed To Leave 9/8 on 4+ Weeks of International Business.
CURRENT CURCUMSTANCE: Port Director Retired 8/15 & Harbor Master on Vacation Aug & Sep.
CURRENT HISTORY: 2021.08.29 G Stearns Gave Commission Sustainable Harbor Water Taxi Plan.
CURRENT HISTORY: 2021.08.24 Commission Mtg Reported Our Offer In Effect & Thanked Staff.
CURRENT HISTORY: 2021.08.24 Commission Mtg Acknowledged with No Mention Slip Revocation.
CURRENT HISTORY: 2021.08.22 eMailed Thank You for ReActivating Gate Keys after 21 Months.
CURRENT HISTORY: 2021.08.22 We Increased our Slip & Utility Payments will Sail Our Boat.
CURRENT HISTORY: 2021.08.22 Thanked Harbor Master for Professional Handling Circumstance.
CURRENT HISTORY: 2021.08.22 Congratulated Port Director on Their Retirement August 15th.
CURRENT HISTORY: 2021.08.22 Harbor Electric Motors Ideas -> <https://youtu.be/yAuvR6dpU00>
PAST HISTORY: 2021.08.09 eMailed Commission No Offer Issues Received & Consider Offer OK.
PAST HISTORY: 2021.08.09 Subsequently Harbor Master Meet in Person at Boat about Engine.
PAST HISTORY: 2021.08.09 Subsequently Boat Partner Summarized Electric Replacement Plan.
PAST HISTORY: 2021.08.09 Subsequently Harbor Master Replied OK & Just Keep Him Informed.
PAST HISTORY: 2021.08.09 Subsequently Asked Harbor Master ReActivate Gate Keys & He Did.
PAST HISTORY: 2021.08.09 Subsequently We Considered Our Offer of Compromise In Effect.
PAST HISTORY: 2021.07.26 eMailed Commission to Notify Boat Agent of Issues by 7/31.
PAST HISTORY: 2021.07.20 eMailed Commission Sea Rat Sailors Offer of Compromise.
PAST HISTORY: 2021.06.30 Hand Delivered Commission Sea Rat Sailors Offer of Compromise.
STATUS QUO: Sea Rat Sailors Work aBoard Agreement In Effect Until Circumstances Change.
STATUS QUO: G Stearns Senior Citizen Working aBoard to Shelter In Place During Pandemic.
STATUS QUO: G Stearns Planning Using Some of Mom's Recent Death Trust To Upgrade Sea Rat.
STATUS QUO: G Stearns Has Scheduled Line Item Plan to Upgrade Sea Rat when Trust Settles.
STATUS QUO: G Stearns Finds Processing Mother's Death Working aBoard Soothes His Soul.
REQUESTED ACTION: eMail Colin Enough Before 9/8 Intent Enforce Letter to Allow Response.
REQUESTED ACTION: Or eMail Colin Enough Before 9/8 to Disregard 2021.08.19 Harbor Letter.

The Sea Rat's Boat Agent is Colin Young & Boat Partner is G Stearns. Boat Partner Agreement on File with Santa Cruz Harbor with Registration Insurance & All Harbor Fees Paid In Full.

We heard Marian Olin, Port Director, on KSCO Radio doing Local Outreach about Liking Harbor Live Aboards as they are only about 10% and the Harbor welcomes more as they are the eyes and ears in the harbor. Also that boat owners need only fill out

the paperwork and pay the additional fees. We do not intend to “Live aBoard” yet Intend to “Work aBoard” Often with overnights so will Submit “Work aBoard” Paperwork & Pay the Extra Fees.

We have been involved in Local Radio TV & Politics at State, National & Global Level plus Global Social Networking & Global Business for some time and appreciated the Harbor’s Outreach so do let us know how we may help the Harbor.

We have also been involved in nonprofessional emergency response to motorcycle car boat plane emergency situations plus private community management so we wish to offer those skills to the Harbor.

We have Attend Harbor Commission Meetings & Reviewed Harbor Financials therefore believe the Harbor Would Benefit from Our Additional Income.

We are Both SEC Accredited Investors with our recent Time Talent Tender being consumed by Personal Professional & Pandemic Transactions (Colin’s Global Business & PPE to NYC Hospitals & Personal Real Estate) & (G’s Global Business & PPE to NYC Hospitals & Mother’s Death plus Trust Disbursement as The Sea Sooths His Soul).

The Sea Rat has Received a Demand Letter Dated 2021.05.25 that The Sea Rat is on the “Vessel Use List” and Must Report Sailing 10 Times by July 31st and the Boat Partner Sailing Alone does not Qualify as “A Sail”.

The 2020/2021 Sailing Season has had Physical & Legal Obstacles to Sailing.

Therefore We make this Offer of Compromise:

1. We have No Intention to Live aBoard yet we Work aBoard Often & Sleep aBoard Overnight therefore we Offer to Increase our Monthly Payment Equal to Live aBoard Slip Rate & Live aBoard Utilities Rate.
2. Physically we have been Denied Access to our Boat to Sail for Over a Year because our Electronic Gate Keys were DeActivated therefore we will Complete our Combined Annual Sailing Quotas of 20 before August 2022.
3. Legally we have been Denied Access to Crew our Boat to Sail for Over a Year because Pandemic Shelter In Place Orders & Lock Down Orders & Social Distancing Orders therefore we will Complete our Combined Annual Sailing Quotas of 20 before August 2022.

To Accept our Offer of Compromise simply ReActivate our Electronic Gate Keys & We Will Increase our Next Monthly Payment plus Start Sailing as Proposed.

All The Best... The Sea Rat Sailors

P.S. The Sea Rat Fossil Fuel Outboard Failed & Converting to Solar Electric.

P.S.S. InPerson Delivery Failed Therefore eMailed Port Commission & Port Director.

P.S.S.S BTW Did Not Receive Written Notification of Planned DeActivation Date of Gate Keys

* * * * Citing the Law Being Violated that Stipulated Consequence was Denying Access to Property.

P.S.S.S.S Contact Boat Agent with Any Issues Slowing Acceptance so We Can Address Them by 7/31.

* * * * * No Issues Slowing Acceptance Received by 7/31 so We Believe Our Offer of Compromise OK.

* * * * * Probably Best ReActivate Gate Keys so Boat Owners can Access Their Property & Sail then

* * * * * Adjust The Sea Rat Work aBoard Agreement Along The Way As Needed Based on Changing Circumstances.

All The Best... G

Act Global... Grow Local...

Brand Monterey Bay & Invest Monterey Bay...

Regional Innovation for People Planet Profits...

www.LinkedIN.com/in/g-stearns-a274

www.Facebook.com/glenn.stearns

Port Commission Review Calendar 2021-22

2021

January-March

- ✓ Ethics Training Update
- ✓ Committee Assignments for 2021
- ✓ Sea Scouts' Biannual Report
- ✓ Slip Vacancy Biannual Report / Waiting List Statistics
- ✓ FY 22 Budget
- ✓ Review 5-year CIP
- ✓ Form 700 Filing (due by 03/31 each year)
- ✓ Biennial Anti-Harassment/Anti-Discrimination Training

April-June

- ✓ Dredge Report 2021-22 (postponed to July)

July-September

- ✓ Johnny's Harborside Restaurant Lease Exp. 8/15/2021 (*no option to extend*)
- ✓ Annual O'Neill Sea Odyssey Report (review slip rent reduction / charter fee. PC action of 07/07)
- ✓ Sea Scouts' Biannual Report
- Annual Vessel Use List Review
- ✓ Slip Vacancy Biannual Report / Waiting List Statistics

October-December

- Annual Review of Business Use of Slips
- Port Commission Officers for 2022
- Bayside Marine Lease Exp. 01/31/2022 (*no option to extend*)

Committee Review Items (*timeline not specified*)

- Comprehensive Review of Charter Fees
- Public Benefit Discount Policy

Key

- Pending
- In process
- ✓ Done

2022

January-March

- Ethics Training Update
- Committee Assignments for 2022
- Sea Scouts' Biannual Report
- Slip Vacancy Biannual Report / Waiting List Statistics
- FY 23 Budget
- Review 5-year CIP
- Form 700 Filing (due by 03/31 each year)
- Biennial Anti-Harassment/Anti-Discrimination Training
- Santa Cruz Yacht Club Lease Exp. 03/31/2022 (*no option to extend*)

April-June

- Dredge Report 2022-23
- Annual Vessel Use List Review
- Biennial Update to Conflict-of-Interest Code

July-September

- Annual O'Neill Sea Odyssey Report (review slip rent reduction / charter fee. PC action of 07/07)
- Sea Scouts' Biannual Report
- Slip Vacancy Biannual Report / Waiting List Statistics

October-December

- Annual Review of Business Use of Slips
- Port Commission Officers for 2023

Future Calendar

- ABC End-Tie Review after Murray Street Bridge Retrofit
- 7th and Brommer Property Assessment