



Regular Public Session of August 25, 2020

**Santa Cruz Port Commission
MINUTES**

Commission Members Present (Via teleconference):

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

REGULAR PUBLIC SESSION – 7:00 PM

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

1. Pledge of Allegiance
2. Oral Communication

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Closed & Regular Public Session of July 28, 2020
4. Approval of Month-to-Month Lease – 413 Lake Avenue, Suite 104
(Tenant: Kayak Connection)

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

REGULAR AGENDA

5. Review Draft FY20 Audited Financial Statement

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

Ms. Said reviewed the draft FY20 audit and reported that the District received a clean, unmodified opinion in all respects for the audit year ending March 31, 2020. Ms. Said stated that two adjusting journal entries were required to address the District's Governmental Accounting Standards Board (GASB) 68 pension liability and GASB 75 Other Post Employment Benefits (OPEB)

liability. The actuarial reports for these journal entries were prepared by Bartel Associates, LLC.

Ms. Said highlighted the following:

- Operating income was \$610k, up approximately \$142k over the prior fiscal year. Contributing factors include:
 - 7% increase in revenue primarily related to slip rent and fuel sales;
 - 6% increase in expenses, primarily related to salaries, other post-employment benefits, and fuel purchased for resale.
- Overall decrease in non-operating revenue from prior year. Contributing factors include:
 - Decreased USACE dredging reimbursement (no additional shortfall funding from previous years was received in FY20)
 - Prior year included a one-time payment for permanent and temporary construction easement for a PG&E project.
- Net cash flow decreased \$3 million in the current year. Contributing factors include:
 - Cash received from operations was \$2.5 million.
 - Cash used for capital expenditures was \$4.6 million (Aldo's Seawall Replacement Project and Pile Repair and Replacement Project)
 - Cash used to paydown long-term debt was \$1.2 million.
- Increased construction-in-progress in current year primarily related to Aldo's Seawall Replacement Project.

Auditor Said reported that the Port District did not adopt any new accounting policies in FY20. Additionally, she reported that a note on potential COVID-19 related impacts is included under Note 11. She stated that the pandemic has the potential to generate a material financial impact in FY21.

Port Director Olin reported that:

- 6.5% increase in operating revenue from prior year, and 6% higher than FY20 budgeted revenue.
- 5% increase in operating expenses from prior year, and 10% under FY20 budgeted projections.
- Health expense was higher than budget, primarily due to employee turnover and higher cost health plan choices. She reported this may be a factor in the current budget year as well. She reported the current budget methodology needs to be adjusted with the FY22 budget.

- Dredging expenses were \$137,488 higher than prior year, primarily due to higher labor costs associated with maintenance personnel assisting with inner harbor dredging operations.
- Overall, the District's net position increased \$860,637, a 3% increase over the prior year.

A brief discussion ensued regarding the following:

- Page 6: Confirm 4.5% CPI increase to landside lease base rents is correct.
- Page 25: Consider removing comment regarding the 2015 acquisition of the 16,000 square foot vacated right-of-way property along Brommer Street Extension.
- Page 38: Consider including the CZU Lightning Complex Fire as a subsequent event under Note 11 if the event may significantly impact District finances.
- Page 31: Add clarifying statement to Note 8 – Operating Leases, to make clear the docks are available for slip licensing.

Port Director Olin stated that the following comments will be taken into consideration and any necessary corrections will be made prior to presentation of the final audit at the regular public session of September 22, 2020.

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

6. Approval of Side Letter of Agreement as an Amendment to Memoranda of Understandings between Santa Cruz Port District and Bargaining Groups

Discussion: Port Director Olin recommended approval of the side letters of agreement, which extend existing terms of the MOU's between the Port District and Bargaining Groups through December 31, 2021, with no increases to wages or benefits. Port Director Olin expressed appreciation toward District staff for providing high levels of service over the past year and continuing to do so during the COVID-19 public health crisis.

MOTION: Motion made by Vice-chairman Goddard, seconded by Commissioner Geisreiter to approve side letters of agreement effective January 1, 2021, through December 31, 2021, as an amendment to the Memoranda of Understandings ("MOU's") between Santa Cruz Port District and:

- a) Harbor Employees' Association;
 - b) Operating Engineers Local No. 3.
- *Motion carried unanimously by roll call.*
- *Reed: YES*

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

7. Award of Contract for East Public Pier Timber Pile Rehabilitation Project, Phase 1

Discussion: Port Director Olin stated that a request for proposals for Phase 1 of the East Public Pier Timber Pile Rehabilitation Project was advertised for bids on Thursday, August 20, 2020. Two (2) bids were received for the project, and the lowest bidder to submit a complete and valid bid was Bellingham Marine Industries, Inc., in the amount of \$95,878.

Port Director Olin stated that though the bid amount is high, preliminary discussions with Bellingham indicate that it may be possible to achieve savings in equipment mobilization and other elements anticipated in the bid. Port Director Olin stated that project funding is available through a combination of Capital Improvement Funds (\$90,868 from Pier Rehabilitation Fund and \$20,310 from Unallocated CIP Reserve Fund).

In response to a question posed by Commissioner Geisreiter, Port Director Olin stated that while it is possible economy of scale could be achieved if additional piles were included in this phase of work, due to permit allowances, only the three most critical piles are slated for repair. She added that the District has not always been successful in driving down the per pile cost with larger projects.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-chairman Goddard to authorize the Port Director to execute the contract documents with Bellingham Marine Industries, Inc.; authorize a not-to-exceed amount of \$111,178 for construction from the Capital Improvement Fund in the amount of the contract, plus a 5% contingency.

- *Motion carried unanimously by roll call.*

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

8. Monterey Bay National Marine Sanctuary Management Plan Review

Discussion: Port Director Olin stated that at the meeting of July 28, 2020, Chairman Reed appointed Vice-Chairman Goddard and Commissioner Gertler to serve on an ad hoc committee to review the Monterey Bay National Marine Sanctuary Draft Management Plan document and draft comments for Port Commission review.

The Commission expressed support for the draft letter, with the following inclusions:

- Change the word “use” to “uses” on page one, paragraph three of the letter.
- Send a copy of the letter to Congressman Panetta, California Marine Affairs and Navigation Conference (C-MANC), and Santa Cruz County Board of Supervisors.

MOTION: Motion made by Commissioner Smith, seconded by Vice-Chairman Goddard to approve the submission of Santa Cruz Port Commission’s comments on the Monterey Bay National Marine Sanctuary’s Draft Management Plan, including the recommended revision.

- *Motion carried unanimously by roll call.*
 - *Reed: YES*
 - *Goddard: YES*
 - *Smith: YES*
 - *Gertler: YES*
 - *Geisreiter: YES*

9. Approval of Cash / Payroll Disbursements – July 2020 (*There was no discussion on this agenda item*)

MOTION: Motion made by Commissioner Smith, seconded by Vice-Chairman Goddard to approve the cash and payroll disbursements for July 2020 in an amount of \$1,327,486.96.

- *Motion carried unanimously by roll call.*
 - *Reed: YES*
 - *Goddard: YES*
 - *Smith: YES*
 - *Gertler: YES*
 - *Geisreiter: YES*

INFORMATION

10. Port Director’s Report

Concession Parking Lot Pay Stations

Port Director Olin stated that Administrative Assistant Ghisletta designed and ordered instructional decals for the new concession parking lot equipment which has significantly improved the user interface with the pay-on-foot stations and exit terminal.

Port Commission Policies / Procedures Manual

Port Director Olin stated that a Policy and Operations Committee meeting has been scheduled for Thursday, September 10, 2020, at 2:00 PM to discuss adding a new section

to the Port Commission Policy / Procedures manual to define the Commission's primary roles and responsibilities in human resources. Committee Members are Vice-chairman Goddard and Commissioner Geisreiter.

Litigation Settlement

Port Director Olin stated that ADA remediation work required in the concession parking lot as part of a claim settlement has been completed. The Port District is deemed to be in compliance with the settlement agreement.

FEMA Disaster Assistance Grant

Port Director Olin stated that the District's application for the FEMA Disaster Assistance Grant will be submitted once the incident period is closed. She stated that this will help capture all eligible COVID-19 related disaster expenses. The incident period is set to close on September 22, 2020, will likely be extended.

Waterboard Permit – Dredge

Port Director Olin stated that Administrative Services Manager MacLaurie worked with the Waterboard to obtain a one-year extension to the District's 10-year 401 Water Quality Certification for annual maintenance dredging, through April 30, 2022.

Aldo's Restaurant

Port Director Olin stated that the Administrative Service Manager MacLaurie worked with the California Coastal Commission to obtain an extension to the District's current Coastal Development Permit for the Aldo's Seawall Replacement Project, pushing back the deadline for submission of project plans to December 31, 2022.

H&H Fresh Fish Walk-in Freezer Repair

H&H Fresh Fish repaired the walk-in freezer at a cost of \$10,459. Repair and replacement of fishery equipment is a tenant responsibility under the lease.

11. Harbormaster's Report

Harbormaster Anderson stated that he plans to present more detailed information on the replacement status of the water taxi at the regular September meeting. He stated that while researching vessel replacement options, staff has discovered that manufacturers of suitable crafts are extremely limited and freight/shipping costs are higher than expected.

Harbormaster Anderson stated that the District has received its first reimbursement from the State of California Department of Natural Resources for costs associated with the new patrol vessel. In response to a question posed by Vice-chairman Goddard, Harbormaster Anderson stated that Moose Boats, Inc. has started fabrication of smaller components and systems for the new patrol vessel; however, major metalwork will likely begin in late-fall as space becomes available at their facility. Once major metalwork starts, construction is expected to take 6-8 months.

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

FME Kerkes stated that arrangements have been made with the tenant at 333 Lake Avenue, to begin needed repairs on the north side of the building in November.

FME Kerkes stated that crews are preparing to splash *Squirt* on Thursday, August 27, 2020.

FME Kerkes stated that crews are making are scheduled to organize, recycle, and dispose of unused items in the dredge storage yard at 7th and Brommer.

13. Financial Reports (*There was no discussion on this agenda item*)
 - a) Comparative Seasonal Revenue Graphs
14. Delinquent Account Reporting (*There was no discussion on this agenda item*)
15. Harbor Patrol Incident Response Report – July 2020 (*There was no discussion on this agenda item*)
16. Written Correspondence (*There was no discussion on this agenda item*)
 - a) Letter to Congressman Panetta, from Chairman Reed
17. Port Commission Review Calendar / Follow-Up Items (*There was no discussion on this agenda item*)

Chairman Reed adjourned the regular public session at 8:00 PM.

Stephen Reed, Chairman



Special Emergency Meeting of August 25, 2020

**Santa Cruz Port Commission
EMERGENCY MEETING MINUTES**

Commissioners Present (via teleconference):

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

SPECIAL OPEN SESSION

Chairman Reed convened the emergency meeting immediately following the regular public session at 8:00 pm via teleconference at the Santa Cruz Harbor Office, 135 5th Avenue, Santa Cruz, CA.

Port Director Olin stated that the purpose of this meeting is to discuss Santa Cruz Port District's response measures to the CZU Lightning Complex Fire.

Discussion: In recognition of the hardships faced by many members of the Santa Cruz County community affected and displaced by the wildfire, the Commission expressed support for participating in the community-wide effort to assist evacuees during this time of need.

The following response measures were implemented:

- Santa Cruz Harbor RV Park spaces in the north harbor to be made available for exclusive use by Santa Cruz area fire evacuees on a first-come-first-served basis (11 hook-up and 4 overflows) through October 31, 2020. 7-day maximum stay limit is waived.
- Fire evacuees who are current slip licensees may stay aboard their vessels with members of their immediate family. Liveaboard fees and variable utility fees are waived for fire evacuees through October 31, 2020. Slip licensees who wish to temporarily liveaboard are requested to register with the harbor office. The number of people living aboard cannot exceed vessel safety standards.
- Reduced rates for the temporary storage of vehicles and trailers for members of the community displaced by the fire. Vehicle camping is not allowed.

Chairman Reed adjourned the special public emergency session at approximately 9:00 pm.



Marian Olin, Port Director



TO: Port Commission

FROM: Blake Anderson, Harbormaster

Policy and Operations Committee
 - *Commissioner Goddard*
 - *Commissioner Geisreiter*

DATE: September 15, 2020

SUBJECT: Approval of Vessel Insurance Policy Enforcement Measures

Recommendation: *Adopt the recommendations of the Policy and Operations Committee amending the vessel insurance policy to include enforcement measures.*

BACKGROUND

The Port District's vessel insurance policy went into effect January 1, 2019. The policy requires all vessels (including recreational, commercial, and business use) to remain currently insured to retain a slip license at Santa Cruz Harbor. The policy excludes vessels occupying dry storage, rack storage, catamaran storage, launched vessels and human-powered watercraft. Owners of transient vessels are requested, but not required, to provide proof of insurance for short-term berthing. Stays beyond the two-week maximum may be required to provide proof of insurance as a condition of the extension, which requires Harbormaster approval.

In September 2019, the Commission performed an initial compliance review and recommended that the item be sent to the Policy and Operations Committee for further discussion and development of enforcement measures.

On September 10, 2020, the Policy and Operations Committee met to review current compliance statistics (summarized below) and discuss implementation of proposed enforcement measures. The staff report from that meeting is included as Attachment B.

	September 2019	September 2020
Total Occupied Slips ¹	827	877
Total Insured	582 (70%)	370 (42%)
Total Uninsured	245 (30%)	507 (58%)

¹ Total Wet Berths: There are 838 rentable wet berths in the harbor, 58 of which are designated as commercial fishery slips on R, S, and T docks. The total wet berthing figure does not include north harbor inside-ties, dory ties or visitor end-tie spaces, though vessels occupying these spaces may be required to carry insurance. In 2020, total occupied slips figure includes those vessels occupying inside-tie spaces that are required to carry insurance.

As noted at the committee meeting, of the 507 licensees listed above as needing insurance, approximately 258 or 51% have an expired insurance certificate on file² (i.e., they have provided an insurance certificate to the District, but it has subsequently expired). Additionally, since inception, only 249 or 28% of licensees have failed to provide any sort of insurance documentation to the District.

To achieve full compliance, progressive enforcement mechanisms are needed.

ANALYSIS

The Policy and Operations Committee developed the following recommendations regarding implementation of progressive enforcement measures for the vessel insurance policy. While it is staff's goal to achieve compliance through less punitive enforcement measures (i.e., Measures 1 and 2), the slip revocation process will be utilized as necessary after reasonable efforts have been made to gain compliance.

MEASURE 1:

- Measure: Withhold Annual Slip Renter Parking Permits
- Method: Effective January 1, 2021 (and each year thereafter), slip renters would be required to present their insurance declaration page (demonstrating minimum policy requirements) in order to pick up annual parking stickers. Insurance cards or binders would not be accepted, as they do not contain the necessary policy information.
- Outreach: Outreach could be performed immediately via direct mail, email blast, and newsletter publication to allow ample time for slip renters to obtain insurance prior to January 1.
- Comments: Although insurance policies expire on different dates throughout the year (i.e., an insurance policy could expire on January 8, shortly after it is presented to obtain parking stickers), staff believes that if slip renters are required to present proof of current insurance each year, coverage is more likely to be maintained year-round.

MEASURE 2:

- Measure: Impose a monthly "Uninsured Vessel Fee"
- Method: Effective April 1, 2021, impose a monthly uninsured vessel fee of \$75 on slip licensees who do not have a current insurance certificate on file with the District. For those slip renters with expired certificates, the penalty would be assessed 60 days after policy expiration. The penalty would be applied for no more than 12 months before initiating the slip revocation process (see Measure 3). For slip licensees with

² Staff anticipates that most of the licensees with expired certificates have, in fact, renewed their policies; however, an updated certificate has not been automatically forwarded to the District, as initially assumed. Staff is performing the necessary outreach to obtain updated certificates, and in doing so has confirmed that coverage appears to have been extended and is valid for a majority of owners.

commercial fishing vessels, the Harbormaster would have discretion to extend the penalty period beyond 12 months, on a case-by-case basis.

Outreach: Outreach could be performed immediately via direct mail, email blast, and newsletter publication to allow ample time for slip renters to obtain insurance.

Comments: The penalty is intended to provide incentive for uninsured slip licensees to obtain insurance coverage. The Port District will make clear that payment of the uninsured vessel fee penalty does not afford the slip licensee any type of insurance coverage. A similar fee is currently assessed at the Boatyard (\$10/day).

MEASURE 3:

Measure: Slip Revocation

Method: Effective April 1, 2022, utilize the slip revocation process after reasonable efforts have been made to gain compliance.

Outreach: When necessary

Comments: Slip revocation will be initiated on a case-by-case basis.

The draft vessel insurance policy recommended for adoption is appended as Attachment A.

IMPACT ON PORT DISTRICT RESOURCES

Staff does not anticipate significant financial impacts associated with approval, but recognizes a small amount of revenue may be generated from assessment of the uninsured vessel fee.

Attachments: A. Draft Amended Vessel Insurance Policy (Redline)
 B. Policy and Operations Committee Meeting Staff Report dated
 September 10, 2020

VESSEL INSURANCE POLICY

Adopted June 26, 2018

Revised September 22, 2020

Commencing January 1, 2019, or upon acceptance of a slip assignment, all vessels (including recreational, commercial, and business use) must remain currently insured to retain slip license at Santa Cruz Harbor. Vessel insurance must, at a minimum, meet the following criteria:

(a) Commercial & Recreational Vessels (including business use)

1. Provide general Liability (Protection and Indemnity) vessel insurance coverage, including wreck removal and pollution coverage, with a minimum policy limit of \$300,000.
2. Vessel insurance policies shall name the Santa Cruz Port District (SCPD) as *Additional Insured*, if available from the underwriter. A Certificate of Insurance certifying coverage limits shall suffice only if an endorsement naming SCPD as *Additional Insured* is unavailable from the underwriter.¹
3. Owners of transient vessels are requested, but not required, to provide proof of insurance for short-term berthing privileges. Owners of transient vessels requesting berthing beyond the two-week maximum may be required to provide proof of insurance as a condition of the extension, which requires Harbormaster approval.

(b) Additional Requirements

1. Subletters shall be required to provide proof of insurance for their vessels in accordance with this policy.
2. Insurance policies for vessels held in partnership must list the individual names of each vessel partner.

(c) Excluded Vessels

1. This vessel insurance policy is not applicable to:
 - a. Vessels occupying:
 - i. Dry Storage (Twin Fountains & North Harbor Dry Storage)
 - ii. Rack Storage
 - iii. Catamaran Storage
 - b. Launched Vessels
 - c. Human-Powered Watercraft

ENFORCEMENT MEASURES:

(a) Withhold Annual Slip Renter Parking Permits

1. Effective January 1, 2021 (and annually thereafter), slip renters are required to present their insurance declaration page (demonstrating minimum policy requirements) in order to pick up annual parking stickers. Insurance cards or binders will not be accepted, as they do not contain the necessary policy information.

(b) Monthly Uninsured Vessel Fee

2. Effective April 1, 2021, a monthly uninsured vessel fee of \$75 will be assessed to slip licensees who do not have a current insurance certificate on file with the District. For those slip renters with expired certificates, the penalty will be assessed 60 days after policy expiration. The penalty will be applied for no more than 12 months before initiating the slip revocation process. For slip licensees with commercial fishing vessels, the Harbormaster has the discretion to extend the penalty period beyond 12 months, on a case-by-case basis. The monthly penalty does not afford insurance coverage to the slip licensee.

(c) Slip Revocation

3. Effective April 1, 2022, initiate the slip revocation process on a case-by-case basis.

¹ An additional insured endorsement provides the District with added protections, such as notification of a pending cancellation and the ability to streamline the claims process, in the event a claim is filed.



TO: Policy and Operations Committee
 FROM: Blake Anderson, Harbormaster
 DATE: September 8, 2020
 SUBJECT: Vessel Insurance Policy Enforcement Mechanisms

INFORMATION

The Port District's vessel insurance policy went into effect January 1, 2019. The policy requires all vessels (including recreational, commercial, and business use) to remain currently insured to retain a slip license at Santa Cruz Harbor. The vessel insurance policy is included as Attachment A. The policy excludes vessels occupying dry storage, rack storage, catamaran storage, launched vessels and human-powered watercraft. Owners of transient vessels are requested, but not required, to provide proof of insurance for short-term berthing. Stays beyond the two-week maximum may be required to provide proof of insurance as a condition of the extension, which requires Harbormaster approval.

In September 2019, an initial compliance review was presented to the Commission (Attachment B). At that time, approximately 70% of licensees were deemed in compliance with the policy, with approximately 30% listed as lacking coverage. After reviewing the report, the Commission recommended the item be sent to the Policy and Operations Committee for discussion of future enforcement measures.

The purpose of today's meeting is to discuss enforcement measures which are needed to achieve greater compliance with the policy. Table 1 depicts compliance statistics as of September 8, 2020, and demonstrates the status of the vessel insurance program without enforcement mechanisms.

Table 1

Type	Total Occupied Slips	Total Insured	Total Needing Insurance
Commercial Fishing Vessels	54	15	39
North Harbor	490	179	311
South Harbor	333	176	157
Total	877	370 (42%)	507 (58%)

Of the 507 licensees listed above as needing insurance, approximately 258 or 51% have an expired insurance certificate on file (i.e., they have provided an insurance certificate to the District, but it has subsequently expired). Since inception, only 249 or 28% of licensees have failed to provide any sort of insurance documentation to the District.

Staff anticipates that most of the licensees with expired certificates have in fact renewed their policies; however, an updated certificate has not been automatically forwarded to the District, as initially assumed. Staff is performing the necessary outreach to obtain updated certificates, and in

doing so has confirmed that coverage appears to have been extended and is valid for the majority of boat owners.

A considerable amount of staff time is required to monitor this program. Without adequate enforcement measures, achieving full compliance is difficult, if not impossible. For instance, if a licensee's coverage is found to be deficient, the policy is entered into the database for recordkeeping purposes and the slip renter is notified that they are missing elements in their coverage. Oftentimes, the customer does not follow-up with their insurance company and the Port District does not receive updated information, and the follow-up cycle continues.

To ensure compliance moving forward an enforcement mechanism should be established. Rather than revoking slips for non-compliance, staff recommends a progressive approach, with revocation being the last resort.

DISCUSSION OF ENFORCEMENT MEASURES

The following options are proposed for discussion:

OPTION 1:

Measure: Withhold Annual Slip Renter Parking Permits

Method: Effective January 1, 2021, slip renters would be required to present their insurance declaration page (demonstrating minimum policy requirements) in order to pick up 2021 parking stickers. Insurance cards or binders would not be accepted, as they do not contain the necessary policy information.

Outreach: Outreach could be performed immediately via direct mail, email blast, and newsletter publication to allow ample time for slip renters to obtain insurance prior to January 1.

Comments: Although insurance policies expire at different points throughout the year (i.e. an insurance policy could expire on January 8, shortly after it is presented to obtain parking stickers), staff believes that if slip renters are required to present proof of current insurance each year, that coverage is more likely to be maintained year-round.

OPTION 2:

Measure: Impose a monthly "Uninsured Vessel Fee"

Method: Effective January 1, 2021, impose a monthly uninsured vessel fee of \$75 to slip licensees who do not have a current insurance certificate on file with the District. For those slip renters with expired certificates, the penalty would be assessed 60 days after expiration. The penalty would be applied for no more than 12 months before initiating the slip revocation process (see option #3). For slip licensees with commercial fishing vessels, the Harbormaster would have discretion to extend the penalty period beyond 12 months, on a case-by-case basis.

Outreach: Outreach could be performed immediately via direct mail, email blast, and newsletter publication to allow ample time for slip renters to obtain insurance prior to January 1.

Comments: The Port District will make clear that payment of the uninsured vessel fee does not afford the slip licensee any type of insurance coverage. A similar fee is currently assessed at the Boatyard (\$10/day).

OPTION 3:

Measure: Slip Revocation

Method: Effective January 1, 2021, utilize the slip revocation process as a last resort to gain compliance.

Outreach: Minimal

Comments: Slip revocation should be considered only as a last resort and only after all reasonable efforts have been made to gain compliance. Staff hopes to achieve compliance by other methods without utilizing the revocation process.

Other options considered, but deemed infeasible or problematic include issuing citations, deactivating electronic key access, and withholding services.

COMPLIANCE ISSUES / REMEDIATION MEASURES

Insurance companies require an out of the water survey before insuring larger vessels (typically 27 feet and above). Prices for survey hauls at the boatyard are currently \$10/foot with a \$250 minimum. The survey haul includes a pressure wash and 1 hour in the slings for inspection and light maintenance. The committee may wish to discuss the feasibility of offering a temporary special on survey hauls as additional incentive to gain compliance (Ex: 20% off survey hauls from Oct. 1 to Dec. 31).

- ATTACHMENTS:**
- A. Vessel Insurance Policy
 - B. 2019 Vessel Insurance Compliance Review



VESSEL INSURANCE POLICY

Adopted June 26, 2018

Commencing January 1, 2019, or upon acceptance of a slip assignment, all vessels (including recreational, commercial, and business use) must remain currently insured to retain slip license at Santa Cruz Harbor. Vessel insurance must, at a minimum, meet the following criteria:

(a) Commercial & Recreational Vessels (including business use)

1. Provide general Liability (Protection and Indemnity) vessel insurance coverage, including wreck removal and pollution coverage, with a minimum policy limit of \$300,000.
2. Vessel insurance policies shall name the Santa Cruz Port District (SCPD) as *Additional Insured*, if available from the underwriter. A Certificate of Insurance certifying coverage limits shall suffice only if an endorsement naming SCPD as *Additional Insured* is unavailable from the underwriter.¹
3. Owners of transient vessels are requested, but not required, to provide proof of insurance for short-term berthing privileges. Owners of transient vessels requesting berthing beyond the two-week maximum may be required to provide proof of insurance as a condition of the extension, which requires Harbormaster approval.

(b) Additional Requirements

1. Subletters shall be required to provide proof of insurance for their vessels in accordance with this policy.
2. Insurance policies for vessels held in partnership must list the individual names of each vessel partner.

(c) Excluded Vessels

1. This vessel insurance policy is not applicable to:
 - a. Vessels occupying:
 - i. Dry Storage (Twin Fountains & North Harbor Dry Storage)
 - ii. Rack Storage
 - iii. Catamaran Storage
 - b. Launched Vessels
 - c. Human-Powered Watercraft

¹ An additional insured endorsement provides the District with added protections, such as notification of a pending cancellation and the ability to streamline the claims process, in the event a claim is filed.



TO: Port Commission
 FROM: Latisha Marshall, Harbormaster
 DATE: September 16, 2019
 SUBJECT: Vessel Insurance Compliance Review

INFORMATION

The Port District’s vessel insurance policy went into effect January 1, 2019. The policy requires all vessels (including recreational, commercial, and business use) to remain currently insured to retain a slip license at Santa Cruz Harbor. The vessel insurance policy is included as Attachment A. The policy excludes vessels occupying dry storage, racks, catamarans and visitor end-tie spaces.

Prior to the policy’s effective date, staff performed extensive outreach to inform slip renters of the upcoming policy change. It was anticipated that a transition period of approximately six months to one year would be required to gain compliance by a majority of slip renters. The Commission was supportive of delaying enforcement measures for non-compliance during this transition period, until ample data was available to compile a compliance review (scheduled for Fall 2019).

Sufficient time has passed since the implementation of the vessel insurance policy, and a majority of slip licensees have demonstrated compliance. A table depicting compliance as of September 2019, is below and breaks out the number of commercial fishing vessels. The data shows the total number of vessels required to be insured (i.e. current slip occupancy, and not total wet berths.¹), but for simplicity, excludes vessels which may be required to carry insurance, but occupy north harbor inside-tie space.

Type	Total Occupied Slips	Total Insured	Total Needing Insurance
Commercial Fishing Vessels	70	38	32
Other Vessels (Recreational / Business Use / Interagency)	757	544	213
Total	827	582	245

To ensure compliance by all slip licensees, staff will need to implement some form of enforcement going forward. Enforcement measures could include slip revocation, deactivation of electronic key fobs, or withholding slip renter parking permits for 2020. Alternatively, the transition period can be extended for a specified period of time and additional outreach can be performed to see if compliance rates rise.

Staff recommends enforcement of the vessel insurance policy be referred to the Policy-Operations Committee for further review and development of a recommendation on how to implement enforcement going forward.

ATTACHMENTS: A. Vessel Insurance Policy

¹ Total Wet Berths: There are 838 rentable wet berths in the harbor, 58 of which are designated as commercial fishery slips on R, S and T docks. Wet berthing does not include north harbor inside-ties, dory ties or visitor end-tie spaces, though vessels occupying these spaces may be required to carry insurance.



TO: Port Commission
FROM: Blake Anderson, Harbormaster
DATE: September 14, 2020
SUBJECT: Approval of Sole Source Acquisition for Replacement Water Taxi Vessel (\$80,000)

Recommendation: *Approve the sole source acquisition of a replacement water taxi vessel from Fiesta Marine Products; authorize the Port Director to execute the contract; and allocate \$5,000 in additional project funding for a total not-to-exceed purchase price of \$80,000.*

BACKGROUND

The Port District's water taxi program has been in operation since 1995. Since inception, the program has utilized a 1967 pontoon vessel, which has reached the end of its useful service life. To facilitate replacement, \$75,000 was budgeted for capital outlay in the in the FY20 Parking Program. The funding was unspent in FY20 due to an initial determination by the US Coast Guard ("USCG") that the vessel was required to meet USCG regulations as an inspected vessel under 46 CFR Subchapter T – Small Passenger Vessels. While staff worked with the USCG to resolve this issue, the capital outlay funding was transferred to the Capital Improvement Program (CIP).

In an effort to determine whether the water taxi was indeed subject to Coast Guard requirements for small passenger vessels, staff, with assistance from Congressman Panetta's office, hosted USCG representatives in January 2020, to discuss the water taxi operation and tour the water taxi route. In April 2020, a determination was made by Lt. Amy Gaymen of the USCG that the water taxi program was not subject to requirements of 46 CFR Subchapter T for Small Passenger Vessels and water taxi service could resume normal operations.

While the Coast Guard determination was welcome news, COVID-19 restrictions, budget cuts and social distancing requirements prevented immediate restoration of water taxi service. As previously noted, the 53-year old vessel has reached the end of its service life – further investment in rehabilitating the vessel is not worth pursuing.

Staff has discovered that manufacturers of suitable crafts are extremely limited. Staff identified only two domestic manufacturers of commercial-grade pontoon boats, Fiesta Marine Products (aka Sightseer Marine) of Hudson, Florida, and American Pontoon Company, of Manning, South Carolina. Additionally, one Canadian vendor was identified; however, the vessels are sold as "kits" and would require significant in-house assembly and fabrication.

While there are several manufacturers of consumer-grade craft for recreational use, none are appropriate for use as the District's water taxi due to their small size, limited customization options, and limited passenger capacity.

ANALYSIS

Staff solicited proposals from two manufacturers, Fiesta Marine Products and American Pontoon Company. Fiesta Marine Products submitted a proposal in the amount of \$73,935.00 (excluding tax), while American Pontoon Company was unresponsive. The proposal submitted by Fiesta Marine is included as Attachment A.

After extensive research, staff has determined that Fiesta Marine Products is the only suitable manufacturer for this specialized vessel. In accordance with Section 2010.2 of the Port District's Purchasing Policy (Attachment B), staff is requesting authorization for a sole source purchase acquisition.

Fiesta Marine Products is a vessel manufacturer in Central Florida that specializes in saltwater pontoon boats. Fiesta Marine recently delivered a similar vessel to the City of Santa Cruz Water Department in 2018 for use on Loch Lomond reservoir.

Staff has toured and operated the City of Santa Cruz's vessel on Loch Lomond (pictures included as Attachment C). The vessel was found to be a stable platform, appears to be very well built, and will accommodate the passenger loads expected during water taxi service (approx. 20 passengers plus 2 crew). Representatives from the City who were involved in the procurement process stated that the company was professional and responsive to their needs during the construction process.

The quote provided by Fiesta Marine, including 9.25% sales tax, totals \$79,830.49 and exceeds budget by \$4,830.49.

In an effort to reduce costs and stay within budget, staff researched alternate shipping methods and other vessel modifications. While it is possible to obtain a craft closer to the \$75,000 budget, it would require the following:

- Eliminating the bench seating option (existing seating from the current vessel would be refurbished and reused)
- Eliminating the railing enclosures (rather than a hard rail enclosure, canvas banners would be used, which do not provide adequate safety, especially for small children)
- Reducing horsepower (engines would need to be purchased from a local vendor and installed upon arrival)
- Require staff to travel to Florida and haul the vessel back to Santa Cruz (a new or used trailer would need to be purchased in order to haul the vessel)
- Require other minor modifications to be performed by in-house crews upon vessel arrival.

Rather than sacrificing the integrity of the vessel to meet the \$75,000 budget, staff is requesting an additional \$5,000 in funding to ensure delivery of a fully-functional and safe vessel. With the additional funding, staff will be able to procure a vessel, which will be similar in size to the existing water taxi, with the following features:

- 30 feet long by 10 feet wide, constructed of 5052 series aluminum (three pontoons)
- An enclosed 30-inch high railing around the deck perimeter
- Powered by a single 40HP four-stroke engine as main power
- A forward electric trolling motor, operated via remote control, will act as a "bow thruster" to provide precise control of the bow. Note: This arrangement provides better control than twin

engines with the added benefit of decreased maintenance costs over time (single engine vs. twin).

- One gate forward at the bow and two on the forward port and starboard beam.
- Center and perimeter bench seating (similar to the City's vessel).

It is estimated that the vessel would be delivered in 3-4 months.

IMPACT ON PORT DISTRICT RESOURCES

\$75,000 is currently available for this project in the CIP. Increased funding in the amount of \$5,000 is proposed to be paid out of unreserved cash.

The water taxi program is beloved by many slip renters and the public; its restoration will be welcomed by many and provide remote parking in support of harbor businesses and beach visitorship. The new craft will serve the needs of the District for decades to come.

- ATTACHMENTS:
- A. Fiesta Marine Products Price quote for 30' x 10' Pontoon Boat
 - B. Section 2010 – Santa Cruz Port District Purchasing Policy
 - C. Photographs of the City of Santa Cruz Water Department's vessel "Newell Jewell"



Fiesta Marine Products

11016 State Road 52
Hudson, Florida 34669
727. 856. 6900 fax 727. 857. 0329

Boat ID Number FVP80xxBD021

91520

Quotation

Customer

Name City of Santa Cruz Harbor

Address _____

City Santa Cruz State Ca ZIP _____

Phone Blake Anderson 831-475-6161

Date 9/15/2020

Rep House

Qty	Description	Unit Price	TOTAL
1	30 x 10 Fiesta tritoon Grande Custom boat 28.5" Diameter Pontoons w/3 section & side keels Center hull is same size as others . W/built in fuel tank Helms with steering 30" Commercial Fencing system w/ 24" kick panels	\$49,500.00	\$49,500.00
1	Perimeter & ctr seating benches no backs Deck arrangement will be per customer requirements	\$1,950.00	\$1,950.00
1	OPTIONS 40 HP Mercury SeaPro Commercial 4 stroke OB rigged w/ battery & prop	\$7,700.00	\$7,700.00
1	Remote control 24 v Trolling motor system w/ 2 batteries and charger	\$4,585.00	\$4,585.00

Subtotal	\$63,735.00
Shipping & Handling	\$9,000.00
Insurance Processing fee	\$1,200.00
TOTAL	\$73,935.00

Wire

Check

All discounts Applied _____

FOB Destination _____

Office Use Only

Thank You for Considering Fiesta Custom Pontoon boats

Fiesta It's a Party Boat

Santa Cruz Port District

PURCHASING POLICIES / PROCEDURES

TITLE: Special Equipment / Supplies / Sole Source Purchases
NUMBER: 2010

2010.1 Special Equipment / Supplies

In purchasing any special equipment or supplies needed to be compatible with existing equipment, or to perform complex or unique functions, authorized purchasing staff may:

2010.1.1 Limit quotations or bidding to a specific product type, or a brand name product; or,

2010.1.2 Utilize a Request for Proposals approach where warranties, servicing obligations, and product performance will be evaluated in addition to the price of the product, and the award of the contract is made in accordance with established authority levels to the proposer deemed to be in the best public interest.

2010.2 Sole Source Purchases

Commodities, equipment, parts or services that can only be obtained from one vendor or distributor authorized to sell in this area, are exempt from the competitive bidding requirements in Section 2000, and are deemed sole source purchases. Sole source purchases may include proprietary items sold direct from the manufacturer. All sole source purchases shall be supported by written documentation on the Quotation Worksheet indicating the facts and nature supporting the determination of a sole source, signed by the appropriate Department Head and/or Port Director depending on the amount of the purchase, and attached to the invoice. Approval of any sole source acquisition in excess of \$25,000 requires Port Commission approval.







TO: Santa Cruz Port Commission

FROM: Marian Olin, Port Director

Policy and Operations Committee

- Toby Goddard
- Reed Geisreiter

DATE: September 14, 2020

SUBJECT: Approve amendment to Port Commission Policies / Procedures Manual adding Section 2130, Roles and Responsibilities of the Port Commission in Human Resources

Recommendation: ***Approve amendment, adding Section 2130, Roles and Responsibilities of the Port Commission in Human Resources, to the Port Commission Policies/Procedures Manual***

BACKGROUND

The Policy and Operations Committee met on Thursday, September 10, to consider adding a new section to the Port Commission's Policy / Procedures manual to define the Commission's primary roles and responsibilities in human resources.

The policy addition has been included on the Commission's review calendar since January 2020, at the request of Vice-chairman Goddard. Vice-chairman Goddard drafted the policy statement and worked with management staff to refine and edit the document prior to its review by the committee.

ANALYSIS

It is important that the policy statement not conflict with, change, or expand upon the Port District's Personnel Policies Manual. Accordingly, Counsel Tim Davis participated in the committee meeting. Though several, relatively minor amendments were made to the document as part of the committee's discussion, Counsel Davis expressed his support for adopting the policy statement. He noted that the policy reinforces some important principles and recognizes that the Port Commission is the appellate body when it comes to employee due process procedures.

The committee recommends adoption of the new policy statement which is appended as Attachment A. The Port Commission Policies/Procedures manual is appended as Attachment B.

IMPACT ON PORT DISTRICT RESOURCES

Adoption of this new policy statement does not impact Port District resources.

ATTACHMENTS: A. DRAFT – Port Commission Policies and Procedures Manual, Section 2130, Roles and Responsibilities of the Port Commission in Human Resources
B. Port Commission Policies/Procedures Manual, revised 04/26/16

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Roles and Responsibilities of the Port Commission in Human Resources
NUMBER: 2130

2130.1 The Santa Cruz Port District exists to provide small craft harbor facilities and related services for the public benefit. To accomplish this goal, the Port District employs a professional workforce of full-time and seasonal, part-time personnel to perform a wide range of administrative, operational, and maintenance duties.

2130.2 Most of the day-to-day administration of human resource activities, including recruitment, hiring, evaluation, and promotion, is the responsibility of District staff. Nevertheless, the Port Commission, as the governing board for the Port District, also has important roles and responsibilities in the area of Human Resources.

- 2130.2.1** In general, the Port Commission's responsibilities are to:
- Support and assess the performance of the Port Director;
 - Approve the Personnel Policies Handbook;
 - Provide direction to its labor negotiators, and approve salary structure and benefits packages;
 - Approve organizational structure and job descriptions, and;
 - Set a positive tone for communications and culture in the workplace.

2130.2.2 The Commission's role in human resources is important to promote an efficient, effective, and respectful work environment at the harbor, and to require District compliance with applicable state, federal and local laws.

2130.3 Purpose. The purpose of this policy is to identify the specific responsibilities of the Port Commission with respect to human resources and provide clarity where Commission involvement in matters involving Human Resources is to be avoided.

2130.4 Port Director Performance. The Port Director is employed by and serves at the will of the Port Commission. The Port Commission is responsible for evaluating the performance of the Port Director in writing at least once each year, using a process that provides for dialogue and encourages feedback. Reference Port Commission Policy 2090.

2130.5 Personnel Policies. It is the intent of the Port Commission to maintain a personnel policy handbook. The personnel policy handbook will serve as a comprehensive resource for Port Commissioners, staff, and members of the public regarding personnel matters.

2130.5.1 The Port Commission has the authority to adopt, amend, or repeal personnel policies as it deems appropriate, and the responsibility to ensure that District policies are updated from time to time. The Port Director has the authority to prepare and recommend revisions to the personnel policies, as well as to make updates as needed to reflect changes in law.

2130.6 Classification and Compensation. It is the intent of the Port Commission that the Port District periodically prepare a classification and compensation study to strive to remain competitive with similar employers in terms of salary and benefit packages to attract and retain a high-quality workforce.

2130.6.1 The Port Commission is responsible for approving changes to classification steps and grades.

2130.6.2 The Port Commission gives direction to its labor negotiators and approves Memoranda of Understandings between the Port District and bargaining groups.

2130.7 Organizational Structure and Job Descriptions. The total number of Full-Time Equivalent employees shall be approved by the Port Commission.

2130.7.1 The Port Director is responsible for recommending changes to the organization to meet the evolving interests of or conditions facing the Port District. New, full-time represented positions shall not be created and filled until the appropriate salary grade has been determined by the Port Director and approved by the Port Commission. Changes in salary grade for existing positions that are indicated in a classification and compensation study and are recommended by Port Director require approval by the Port Commission.

2130.7.2 Substantive revisions to job descriptions that are associated with substantive changes to the duties performed by a particular class shall be subject to approval by the Port Commission. Non-substantive changes to job titles, duties or corresponding knowledge, skills, and abilities, and new duties reasonably related to the job may be approved administratively by the Port Director.

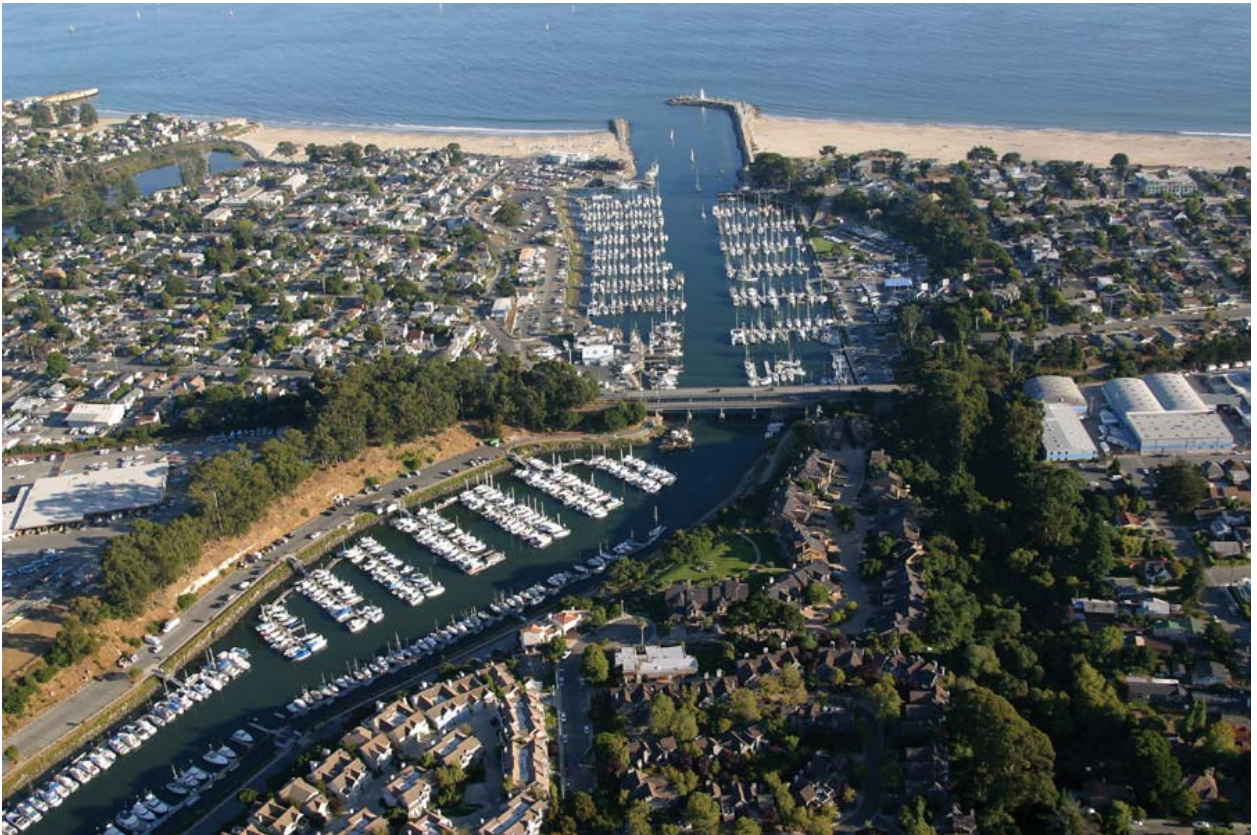
2130.7.3 The Port Commission may lay off any represented employee from a position whenever, in the judgement of the Port Director, it becomes necessary due to the lack of work, lack of funds, or other economic reason, or because the necessity for a position no longer exists.

2130.8 Disciplinary Actions. In general, the Port Commission is not involved in the performance review of an employee (other than the Port Director) or disciplinary actions taken by Port District personnel. Furthermore, there should be no direct intervention by a Port Commission member into a personnel issue.

2130.8.1 In such instances, however, where an employee has received a Notice of Decision imposing serious disciplinary action, and chooses to appeal that decision, the Port Commission performs the role of the hearing body for the purpose of handling the appeal, in accordance with the process detailed in Section 13.4 of the personnel policy manual. The Commission shall have the authority to affirm, revoke, or reduce the disciplinary action imposed against the employee, but may not provide for discipline more stringent than that imposed by the District.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES



**Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062
(831) 475-6161**

*Adopted by the Santa Cruz Port Commission 06/23/09
Revised 06/28/11
Revised 04/26/16*

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

INTRODUCTION

Santa Cruz Port District is a municipal corporation and a political subdivision of the State of California. It is governed by an elected Board of Commissioners; the policies are administered through an executive officer, the Port Director.

The responsibilities and authority of the Board of Commissioners are prescribed in the State of California Harbors and Navigation Code, Part 4, Sec. 6200. Per Harbors and Navigation Code section 6240.5, the *"Uniform District Election Law (Part 4 [commencing with Section 10500] of Division 10 of the Elections Code) shall govern all district elections for port commissioners."*

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

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Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Purpose of Port Commission Policies / Procedures
NUMBER: 1000

1000.1 It is the intent of the Santa Cruz Port Commission of the Santa Cruz Port District to maintain a manual of Policies and Procedures. Contained therein shall be a listing of the Commission's current guidelines, being the rules and regulations enacted by the Commission's from time to time. The Policies and Procedures will serve as a resource for Commissioners, staff and members of the public in determining the general manner in which matters of Santa Cruz Port Commission business are to be conducted.

1000.2 If any policy or procedure is in conflict with rules, regulations or legislation having authority over Santa Cruz Port District, said rules, regulations or legislation shall prevail.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Adoption / Amendment of Policies
NUMBER: 1010

1010.1 Consideration by Port Commission to adopt a new Port Commission policy or amend an existing policy may be initiated by any Commissioner or the Port Director. The proposed adoption or amendment shall be initiated by a Commissioner or the Port Director submitting a written draft of the proposed new or amended policy by way of the harbor office, and requesting that the item be included for consideration on the agenda of the next appropriate regular meeting of the Port Commission.

1010.2 Adoption of a new policy or amendment of an existing policy shall be accomplished at a regular meeting of the Port Commission and shall require an affirmative vote by a majority vote of the full Commission.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Conflict of Interest
NUMBER: 1020

1020.1 The Political Reform Act, Government Code §81000, et seq., requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. §18730) which contains the terms of a standard conflict of interest code. It may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. Therefore, the terms of 2 Cal. Code of Regs. §18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and the Port Commission's most recently adopted Conflict of Interest Code in which members of the Port Commission and employees are designated, and in which disclosure categories are set forth, constitute the conflict of interest code of the Santa Cruz Port District.

1020.2 Under the Act, public officials are disqualified from participating in decisions in which they have a financial interest. The Act does not prevent officials from owning or acquiring financial interests which conflict with their official duties nor does the mere possession of such interests require officials to resign from office.

The disqualification provision of the Act hinges on the effect a decision will have on a public official's financial interests. When an official determines there is a conflict of interest, that official cannot participate in the making, or use his or her official position to influence the making of that decision at any level of the process.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Claims Against the District
NUMBER: 1030

The purpose of this policy is to provide direction to District staff for processing and resolving (if possible) account adjustment requests and property damage claims against the District. Inherent in this policy is the recognition that every adjustment request or claim will be unique, and that guidelines cannot be written to accommodate every case. Therefore, staff must use discretion and good sense in handling each claim.

1030.1 Property Damage Claims

In the course of the District's operations – maintenance, groundwork, dredging, etc. – damage to property occasionally occurs due to the proximity of the District's facilities to the private property. When District employees are aware that property has been damaged in the course of their work, a report shall be prepared and given to the Port Director in a timely manner.

When a property owner informs a District employee of damage to their property, the employee receiving the claim will document in writing the time and date, and a description of the stated circumstances and allegations.

As soon as possible after information about the damage has been received, it shall be given to the Port Director. The Port Director shall investigate the property owner's allegations.

If the owner of damaged property informs a member of the Port Commission, the information will be given to the Port Director. Commissioners shall not independently investigate claims, but may go with staff to observe.

Investigations shall be done in a timely fashion by Port District staff and documented with a written report, including photographs and/or interviews, when appropriate. A copy of the report shall be submitted to the Port Director.

The Port Director shall review the damage claim and the proposed repair work. If he/she determines that the damage is the District's responsibility and that the proposed repair work is appropriate, he/she may authorize the work if the cost of repairs will not exceed \$5,000.

If the cost of repairs is stated by claimant or estimated to exceed the \$5,000, the claim will be submitted to Port Commission. The claimant shall be notified of the Board's action regarding their claim.

Claims in excess of the District's insurance deductible shall be forwarded to the insurance company, and the claimant shall be advised of this action.

1030.2 Personal Injury, Wrongful Death, Other Non-Property Claims

Claims for personal injury/wrongful death shall not be investigated by District staff or Commissioners but shall be immediately forwarded to the District's insurance company.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Financial Reserve Policy *(adopted by Port Commission November 24, 2015)*
NUMBER: 1040

The purpose of this policy is 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 Port District may face that are infrequent in occurrence.

1040.1 Target Amount Held in Reserve

The Port 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 amount may fluctuate and may need to be rebuilt over time as needed.

1040.2 Funding Sources

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 Port District assets, infrequent revenues from development and grants, or other sources that are typically non-recurring in nature.

1040.3 Conditions on Use of Reserves

The use of reserves shall generally be limited to unanticipated, non-recurring needs. Reserve fund balances shall not be used for normal or recurring annual operating expenditures.

The Port Director shall make recommendations to the Port Commission for use of reserves. Appropriations from this reserve fund shall require a resolution approved by the Port Commission.

Requests for use of reserves shall occur only after exhausting the current year's budgetary flexibility. The Port Director shall, within six months of its use, present to the Port Commission a plan and timeline for replenishing the reserve fund.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Code of Ethics
NUMBER: 2010

2010.1 The Santa Cruz Port District Commission is committed to providing excellence in legislative leadership that results in the provision of the highest quality services to to the Port District, its constituents, users, and the general public. In order to assist in the governance of the behavior between and among members of the Port Commission, the following rules shall be observed.

2010.1.1 The dignity, style, values and opinions of each Commissioner shall be respected.

2010.1.2 Responsiveness and attentive listening in communication is encouraged.

2010.1.3 The needs of the Port District, its constituents, users, and the general public shall be the priority of the Port Commission.

2010.1.4 The primary responsibility of the Port Commission is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are handled by District staff.

2010.1.5 Commissioners should commit themselves to emphasizing the positive, avoiding negative forms of interaction.

2010.1.6 Commissioners should commit themselves to focusing on issues and not personalities. The presentation of the opinions of others should be encouraged. Cliques and voting blocks based on personalities rather than issues should be avoided.

2010.1.7 Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Commission takes action, Commissioners should commit to supporting said action and not to create barriers to the implementation of said action.

2010.1.8 Commissioners should practice the following procedures:

2010.1.8.1 In seeking clarification on informational items, Commissioners may directly approach appropriate staff member(s) to obtain information needed to supplement, upgrade, or enhance their knowledge to improve legislative decision-making.

2010.1.8.2 Commissioners shall refer complaints which require further resolution directly to the Port Director.

2010.1.8.3 In handling items related to safety, concerns for safety or hazards shall be reported to the Port Director or harbor office. Emergency situations shall be dealt with immediately by seeking appropriate assistance.

2010.1.8.4 In presenting items for discussion at Commission meetings, see Policy #3020.

2010.1.8.5 In seeking clarification for policy-related concerns, especially those involving legal action, land acquisition and development, finances, and programming, said concerns should be referred directly to the Port Director.

2010.1.9 When approached by harbor staff concerning specific District policy or personnel matters, Commissioners shall direct inquiries to the appropriate staff supervisor, pursuant to and in accordance with the approved Personnel Policies Handbook and Memorandum of Understanding (MOU). The chain of command should be followed.

2010.2 The work of the District is a team effort. All individuals should work together in the collaborative process, assisting each other in conducting the affairs of the District.

2010.2.1 When responding to constituent requests and concerns, Commissioners should be courteous, responding to individuals in a positive manner and routing their questions through appropriate channels and to responsible management personnel.

2010.2.2 Commissioners should develop a working relationship with the Port Director wherein current issues, concerns and District projects can be discussed openly.

2010.2.3 Commissioners function as a part of the whole, and have power as a body – Commissioners do not have any individual power in District matters. Issues which are the purview of the full Commission should be handled by the Commission as a whole, rather than by individual members, to ensure the decision-making process is public. This does not limit individual Commissioners from meeting with, and discussing matters with their constituents.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Attendance at Meetings
NUMBER: 2020

2020.1 Members of the Port Commission shall attend all regular and special meetings of the Commission unless there is good cause for absence.

2020.2 Any Commissioner unable to attend any meeting should notify the Chairman and the Port Director at the earliest opportunity.

2020.3 A vacancy shall occur as defined in Government Code Section 1770.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Expenditure Reimbursement
NUMBER: 2030

2030.1 Purpose. The purpose of this policy is to prescribe the manner in which Port Commissioners may be reimbursed for actual and necessary expenditures related to Port District business.

2030.2 Scope. This policy applies to all members of the Port Commission and is intended to result in no personal gain or loss to a Commissioner. Per Harbors and Navigation Code Section 6251, Commissioners shall serve without compensation.

2030.3 Implementation. Whenever Commissioners desire to be reimbursed for out-of-pocket expenses for item(s) or service(s) appropriately relating to District business, they shall submit their requests on a reimbursement form approved by the Port Director no later than 60 days after expenditure. Out-of-state travel requires prior authorization by the Port Commission. Pre-authorization is not required for in-state travel. Included on the reimbursement form will be an explanation of the District-related purpose for the expenditure(s), and receipts evidencing each expense shall be attached.

2030.4.1 The Port Director will review and approve reimbursement requests.

2030.4.2 All expenses must be reasonable, actual and necessary, and Commissioners are encouraged to exercise prudence in all expenditures.

2030.4.3 The most economical mode and class of transportation reasonably consistent with scheduling requirements will be used. In the event a more expensive class of transportation is used, the reimbursable amount will be limited to the cost of the most economical class of transportation available. Reimbursement for use of personal vehicles will be at the applicable IRS-approved rate.

2030.4.4 Expenditures for food and lodging will be appropriate and reasonable.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Chair
NUMBER: 2040

2040.1 The Chair of the Santa Cruz Port Commission shall serve as chairperson at all Commission meetings. S/he shall have the same rights as the other members of the Commission in voting, and any discussion of issues or actions.

The Chair shall act as facilitator and preserve strict order and decorum at all Port Commission meetings. If there is an appeal to a decision or directive by the Chair, the Port Commission, as a whole, shall rule by majority. No individual Commissioner has authority in deciding the outcome of an appeal.

2040.2 In the absence of the Chair, the Vice-chair of the Commission shall serve as chairperson over all meetings of the Board. If the Chair and Vice-chair are both absent, the remaining members present shall select one of themselves to act as chairperson of the meeting, typically the senior (longest tenured) Commissioner.

2040.3 The Chair (and the Vice-chair) serve on a calendar-year basis, selected by the Commission at its meeting in December (for the following year).

2040.4 It is customary that the Vice-chair is elected as Chair, but the Commission is not bound by this tradition in selecting its presiding officer.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Commissioners
NUMBER: 2050

2050.1 Commissioners shall thoroughly prepare themselves to discuss agenda items at meetings of the Port Commission.

2050.1.1 All Commissioners have the right to place items on the agenda by requesting staff to do so. Under usual circumstances, staff must be notified at least one week before the meeting date in order to prepare the agenda packet (sooner if a committee meeting is required). The time limit for placing emergency items on the agenda shall be as dictated by the Brown Act. In the event that Commissioners or staff feel that the item should not be on the agenda due to time constraints, the Chair shall make the final decision and determine priority. *(Per adopted Commission policy 4/3/01.)*

2050.1.2 Information exchanged before meetings shall be distributed through the Port Director, and all Commissioners will receive a copy of all information being distributed.

2050.1.3 Copies of information exchanged before public meetings shall be available at the meeting for members of the public in attendance, and shall also be provided to anyone not present upon their request.

2050.2 Commissioners shall at all times conduct themselves with courtesy to each other, to staff, and to members of the audience present at Commission meetings.

2050.3 Commissioners shall defer to the Chair for conduct of meetings of the Port Commission, but shall be free to question and discuss items on the agenda. All comments should be brief and confined to the matter being discussed by the Commission.

2050.4 The Chair may request for inclusion into minutes brief comments pertinent to an agenda item only at the meeting that item is discussed (including, if desired, a position on abstention or dissenting vote).

2050.5 Commissioners shall disqualify themselves from participating in consideration on any item involving a personal or financial conflict of interest. Unless such a conflict of interest exists, however, Commissioners should not abstain from the Commission's decision-making responsibilities.

2050.6 Requests by individual Commissioners for substantive information and/or research from District staff will be channeled through the Port Director.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Standing / Ad Hoc Committees
NUMBER: 2060

2060.1 The Chair shall appoint standing committees, and may appoint ad hoc committees as may be deemed necessary or advisable by himself/herself and/or the Commission. The duties of an ad hoc committee shall be outlined at the time of appointment, and the committee shall be considered dissolved when its work is finished.

2060.2 The Chair shall appoint and publicly announce the members of the standing committees for the ensuing year no later than the Board's regular meeting in January. The committee Chair is the current Commission Chair, or senior Commission member.

2060.3 Committees are comprised of less than a quorum (2) of the Commission and do not have any binding, decision-making power. Committees review issues in depth and formulate recommendations for consideration by the full Commission .

2060.4 In the event there is a split decision at the committee level, the item shall automatically be forwarded for review by the full Commission at the next regular meeting, with no committee recommendation. *(Adopted by Port Commission 4/3/01.)*

2060.5.1 All meetings of standing committees shall conform to the Brown Act open meeting laws.

2060.5.2 Because any member of the public can attend public committee meetings, non-committee member Port Commissioners may attend committee meetings; however, they may not participate in the decision-making process. Non-committee member Commissioners can only participate in the discussion as a member of the public, during the period set aside for public input. Following the public discussion, the committee-Chair will close the meeting to further public input, and the committee members will then take over discussion of the agenda item(s) and vote on recommendations to be made to the full Commission. *(Adopted by Port Commission 6/25/96.)*

Non-committee member commissioners attending a committee meeting shall make a statement that they are attending the meeting as a member of the public.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Commission Authority
NUMBER: 2070

2070.1 The Port Commission is the unit of authority within the Port District. Apart from his/her normal function as a part of this unit, Commissioners have no individual authority. As individuals, Commissioners may not commit the District to any policy, act, or expenditure.

2070.2 Commissioners do not represent any fractional segment of the community, but are, rather, a part of the body that represents and acts for the community as a whole.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Ethics Training
NUMBER: 2080

2080 All Commissioners of the Port District shall receive two hours of training in general ethics principles and ethics laws relevant to public service within one year of election or appointment to the board of directors and at least once every two years thereafter, in compliance with Article 2.4 of Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code (Assembly Bill 1234).

2080.1 All ethics training shall be provided by entities whose curricula has been approved by the California Attorney General and the Fair Political Practices Commission.

2080.2 Commissioners shall obtain proof of participation after completing the ethics training.

2080.3 District staff shall maintain records indicating both the dates that Commissioners completed the ethics training and the name of the entity that provided the training.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Port Director Performance Evaluation Policy
NUMBER: 2090

2090 The Commissioners of the Port District shall evaluate the performance of the Port Director in writing at least once each year. The evaluation shall include an assessment of the performance of the Port Director and fulfillment of the duties and responsibilities specified in the job description, as well as the Port Director's performance and fulfillment of mutually agreed upon goals and objectives.

2090.1 Each evaluation shall occur in closed session, and coincide with the contract term. The Clerk of the Board shall maintain a notification system, which tracks the evaluation date, to ensure the Commission and Port Director are notified of upcoming evaluations.

2090.2 The evaluation format shall be established by the Commission and may allow the Port Director to conduct a self-evaluation.

2090.3 During the scheduled closed session, Commissioners shall meet as a group with the Port Director, to verbally discuss the components of the performance evaluation. The Commission will receive input and feedback from the Port Director, relative to his/her assessment, and discuss future performance expectations.

2090.4 Following the meeting with the Port Director, Commissioners shall determine an overall evaluation of the Port Director's performance during the review period, and provide written notification to the Port Director of this assessment, along with any recommended compensation adjustments, as appropriate. A copy of this written evaluation shall be placed in the Port Director's personnel file.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Disposal or Sale of Surplus Equipment
NUMBER: 2100

2100 Disposal or Sale of Surplus Equipment.

2100.1.1 Commission takes action to declare equipment surplus if value is more than \$5,000.00, and authorize staff to dispose of it through sale, donation to a charitable organization(s), scrap or other means. Commission takes action to approve any minimum bid price or best offer.

2100.1.2 Port Director has authority to declare equipment surplus if value is \$5,000.00 or less, and authorize staff to dispose of it in a manner commensurate with 2100.1.1 (above).

2100.1.3 If an item declared surplus is sold, it must be advertised for sale and provide information about any minimum bid price or best offer and deadlines for submission of bids or offers. Advertisement will also note that the District reserves the right to reject any or all bids, and that all equipment is sold AS IS.

2100.1.4 Bids or offers are opened by staff and items are sold to the highest bidder if minimum bid or offer price is met. In the event that bids or offers submitted are below the minimum asking price, staff will use discretion in determining whether or not the highest offer is reasonable, and if the equipment should be sold or readvertised, or otherwise disposed of as described in 2100.1.5 (below).

2100.1.5 If no offers or bids are submitted, or if bids or offers submitted are below the minimum asking price, the equipment may be readvertised, kept for a future sale, donated to a charitable organization or scrapped.

2100.1.6 Port District asset and depreciation schedules will be updated as necessary to reflect the disposition of items declared surplus that have been sold, donated or scrapped.

2100.1.7 All revenue generated from the sale of surplus property shall be deposited in the Port District's general fund unless otherwise directed by the Port Commission.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Commission Correspondence
NUMBER: 2110

2110.1 The Commission encourages its constituents, harbor users and the general public to actively participate in the governance process through written correspondence or oral communication (Policy 3010.3).

2110.1.1 Correspondence addressed to the Commission or individual Commissioners relating to matters of governance and policy shall be included on the next regular agenda under "Written Correspondence."

2110.1.2 Correspondence from the public included in regular agendas shall not be anonymous, inflammatory, contain personally-directed remarks or infringe on another's individual's rights or privacy under the law.

2110.1.3 Routine matters concerning the operational aspects of the District are to be handled by District staff (Policy 2010.1.4). Items related to safety, emergency situations, or policy-related concerns shall be handled as provided for in Policies 2010.1.8.1 to 2010.1.8.5.

2110.2 The Brown Act specifically prohibits the use of technological devices "...to develop a collective concurrence as to action to be taken on an item by the members of the legislative body." Furthermore, the District's Open Government Policy 3040, states that the Commission shall conduct its business in public. Commissioners shall avoid communication with other Commissioners through the use of technological devices that may intentionally or unintentionally cause a serial meeting to occur and collective concurrence to be reached outside of the public meeting process.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Anti-Harassment / Anti-Discrimination
NUMBER: 2120

2120.1 The Santa Cruz Port District Commission is committed to providing an environment that is free of harassment and discrimination to ensure effective governance and operation of the District. The District prohibits sexual harassment as well as harassment or discrimination because of race, religious creed, color, national origin or ancestry, physical or mental disability, medical condition, genetic information, sex, gender identity, gender expression, gender, sexual orientation, marital status, age over 40, military or veteran's status, pregnancy, childbirth or related medical conditions, or any other basis protected by federal, state or local law, ordinance or regulation, including association with individuals with these protected characteristics or perception that an individual has one or more of these protected characteristics. This policy applies to elected Port Commissioners involved in governance of the District and prohibits Commissioners from harassing employees, unpaid interns or volunteers, vendors, visitors and members of the public. Employees of the District are also subject to anti-harassment / anti-discrimination policies, as governed by law and outlined in the District's Personnel Policies Manual and/or Memorandum of Understanding(s).

2120.2 Harassment or discrimination because of race, religious creed, color, national origin or ancestry, physical or mental disability, medical condition, genetic information, sex, gender identity, gender expression, gender, sexual orientation, marital status, age over 40, military or veteran's status, pregnancy, childbirth or related medical conditions, or any other basis protected by federal, state or local law, ordinance or regulation, including association with individuals with these protected characteristics or perception that an individual has one or more of these protected characteristics is prohibited, including, but not limited to the following behavior:

2120.2.1 Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwelcome sexual advances requests for sexual favors, invitations or comments regarding an individual's legally protected characteristics;

2120.2.2 Visual conduct such as derogatory and/or sexually oriented posters, photography, cartoons, drawings, computer images, or gestures regarding an individual's legally protected characteristics.

2120.2.3 Physical conduct such as assault, unwanted touching, blocking normal movement or interfering with work because of sex, race or any other protected basis;

2120.2.4 Retaliation for having reported or threatened to report harassment; and,

2120.2.5 Persistently disturb or bother; torment, pester; badger, vex, plague, hector or molest or persecute.

2120.3 Any Port Commissioner, unpaid intern, volunteer, vendor, visitor or member of the public who believes that they have been harassed or discriminated against by another Port Commissioner should provide a written complaint to the Chair or Vice-chair and Port Director (depending on the identity of the harasser) as soon as possible after the incident. Employees who believe that they have been harassed or discriminated against by a Port Commissioner or other person should follow written District policy to report complaints. Employees should note that failure to use the District's complaint procedure to timely report complaints may have an adverse effect on their harassment and/or discrimination claims if such claims are subsequently litigated.

2120.3.1 Harassment or discrimination complaints involving a Port Commissioner will be referred immediately to the Chair, Vice-Chair and Port Director, as appropriate, who will undertake an immediate, thorough and objective investigation of the harassment or discrimination allegation(s).

2120.4 If it has been determined that harassment or discrimination has occurred, effective and appropriate remedial action will be taken in accordance with the circumstances involved. Any Port Commissioner determined to be responsible for harassment or discrimination will be subjected to appropriate disciplinary action. Whatever disciplinary action is taken against the harasser will not be made known to the person lodging the complaint to protect the confidentiality and privacy of personal information, and effective action will be taken to remedy any loss to the employee or the individual resulting from the harassment or discrimination. Retaliation by the Port Commission against anyone filing a complaint will not be permitted or tolerated.

2120.5 Employees, unpaid interns or volunteers, vendors, visitors and members of the public are encouraged to immediately report any incident of harassment or discrimination by Port Commissioners so that complaints can be quickly and fairly resolved.

2120.6 In accordance with Government Code Section 53237.1, Port Commissioners shall undergo mandatory harassment prevention training within 6 months of taking office and every 2 years after.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Commission Meetings
NUMBER: 3010

3010.1 Regular meetings of the Santa Cruz Port Commission shall be held on the 4th Tuesday day of each calendar month at 7 pm. Any changes to the regular meeting date and/or time, shall be publicly noticed in accordance with the Brown Act.

3010.2 Regular, special and emergency meetings of the Santa Cruz Port Commission, including standing committee meetings, shall be conducted and posted in accordance with the Brown Act.

3010.3 Public Comment. An item shall be placed on each regular meeting agenda labeled "Oral Communication" to provide citizens with an opportunity to express views on matters not otherwise on the agenda. The Chair shall conduct the meeting to ensure citizens have an opportunity to express their views during Oral Communication or as part of discussion of regular agenda items, in accordance with the rules provided herein. To preserve order and decorum at meetings, the Chair shall require that members of the public only address the Commission with permission of the Chair, or as otherwise required by law, and request that persons wishing to address the Commission begin by completing a "Speaker Card" which includes the speaker's name and topic of interest. The Chair shall generally limit remarks from individual speakers to three (3) minutes, except as otherwise specifically provided for in these rules, or except as time is increased or decreased by the Chair. The Chair shall request that speakers avoid repetition of the remarks of prior speaker's and speak only to the agenda item under consideration.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Commission Actions and Decisions
NUMBER: 3020

3020.1 Action can only be taken by a majority vote of the full Port Commission. Three (3) Commissioners of the Commission's 5-member board represent a quorum for the conduct of business. Actions taken at a meeting where only a quorum is present, therefore, require all three votes to be effective.

3020.2 The Commission may give direction that is not formal action. Such direction does not require formal procedural process. Such direction at Commission meetings includes the Commission's directives and instructions to the Port Director.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

POLICY TITLE: Rules of Order for Commission and Committee Meetings
POLICY NUMBER: 3030

3030.1 General.

3030.1.1 Action items shall be brought before and considered by the Commission by motion in accordance with this policy. These rules of order are intended to be informal and applied flexibly. The Commission prefers a flexible form of meeting and, therefore, does not conduct its meetings under formalized rules – such as Robert's Rules of Order.

3030.1.1.1 If a Commissioner believes order is not being maintained or procedures are not adequate, then he/she should raise a point of order - not requiring a second - to the Chair. If there is an appeal to a decision or directive by the Chair, the Port Commission, as a whole, shall rule by majority. No individual Commissioner has authority in deciding the outcome of an appeal (see Section 2040, Chair).

3030.2 Obtaining the Floor.

3030.2.1 Any Commissioner desiring to speak should address the Chair and, upon recognition by the Chair, may address the subject under discussion.

3030.3 Motions.

3030.3.1 The Chair shall provide an opportunity for the public in attendance to comment, prior to a motion being made or acted upon.

3030.3.2 Any Commissioner may make or second a motion. Though the Chair is not restricted from making and / or seconding a motion, the Chair will provide other Commissioners with the primary opportunity to do so, since the principal role of the chair is to act as facilitator and keep order at meetings. A motion shall be brought and considered as follows:

3030.3.2.1 A Commissioner makes a motion; another Commissioner seconds the motion; and typically the Chair restates the motion.

3030.3.3 Once the motion has been seconded, it is open to discussion and debate. After the matter has been fully debated, and after the public in attendance has had an opportunity to comment, the Chair will call for the vote.

3030.3.3.1 If the public in attendance has had an opportunity to comment on the proposed action, any Commissioner may move to immediately call the question being debated to a vote, suspending any further debate. To carry, the motion must be made, seconded, and approved by a majority vote of the full Commission.

3030.4 Secondary Motions. Ordinarily, only one motion can be considered at a time and a motion must be disposed of before any other motions or business are considered. There are a few exceptions to this general rule, though, where a secondary motion concerning the main motion may be made and considered before voting on the main motion.

3030.4.1 Motion to Amend. A main motion may be amended before it is voted on, either by the consent of the Commissioners who moved and seconded, or by a new motion and second.

3030.4.2 Motion to Table. A main motion may be indefinitely tabled before it is voted on by motion made to table, which is then seconded and approved by a majority vote of the Commission.

3030.4.3 Motion to Postpone. A main motion may be postponed to a certain time by a motion to postpone, which is then seconded and approved by a majority vote of the Commission.

3030.4.4 Motion to Refer to Committee. A main motion may be referred to a Commission committee for further study and recommendation by a motion to refer to committee, which is then seconded and approved by a majority vote of the Commission.

3030.4.5 Motion to Close Debate and Vote Immediately. As provided above, any Commissioner may move to close debate and immediately vote on a main motion by calling the question.

3030.5 Decorum.

3030.5.1 The Chair shall take whatever actions are necessary and appropriate to preserve order and decorum during Commission meetings, including public hearings. The Chair may eject any person or persons making personal, impertinent or slanderous remarks, refusing to abide by a request from the Chair, or otherwise disrupting the meeting.

3030.5.2 The Chair may also declare a short recess during any meeting.

3030.6 Amendment of Rules of Order.

3030.6.1 The Commission may, either formally or informally at any meeting: a) temporarily suspend these rules in whole or in part; b) amend these rules in whole or in part; or, c) both.

Santa Cruz Port District

PORT COMMISSION POLICIES / PROCEDURES

TITLE: Open Government
NUMBER: 3040

3040 It shall be the policy of the Santa Cruz Port Commission to conduct its business in an open and transparent manner by:

3040.1 Conducting the public's business in open and publicized meetings, except for the limited circumstances under which the law allows closed sessions, and ad hoc meetings in accordance with California Government Code Sections 54950 - 54962, as amended (known as the *Ralph M. Brown Act*); and,

3040.2 Allowing and encouraging the public to actively participate in meetings; and,

3040.3 Allowing public inspection of documents and records generated by the Port District as defined by the California Government Code Sections 6250 – 6270.5, as amended (known as the California Public Records Act, except when non-disclosure is specifically authorized by law.



TO: Port Commission
FROM: Marian Olin, Port Director
DATE: September 15, 2020
SUBJECT: Acceptance of Final FY20 Audited Financial Statement

Recommendation: Accept the FY 20 audited financial statement.

BACKGROUND

At the Port Commission meeting of August 25, 2020, Hutchinson and Bloodgood (H&B) auditor Kim Said reviewed the draft FY20 audit. H&B's opinion was unmodified, meaning it was a clean audit. The audit is appended as Attachment A.

Auditor Said reported that two adjusting journal entries were made related Governmental Accounting Standards Board ("GASB") Statement No. 68 for CalPERS' public agency cost sharing pension plans and GASB Statement No. 75 for Other Post-Employment Benefits Liability ("OPEB"). The actuarial reports for these journal entries were prepared by Bartel Associates, LLC. The Bartel reports are appended as Attachments B and C.

Auditor Said reported that the Port District did not adopt any new accounting policies in FY20. She reported that a note on COVID-19 was included under Note 11, Subsequent Events, since the pandemic has the potential to generate a material financial impact in FY21.

Based on input received from the Commission during a review of the draft audit in August, one minor change was made to Note 8, to add the following clarifying statement:

- *"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. Following is a summary..."*

(Note: Last year, Note 8 in the FY19 audit was amended to clarify that minimum future lease income to be received is based on non-cancelable rent and concession leases, i.e., it does not include slip rent.)

The disposition of other items discussed during Port Commission review of the draft audit in August are listed below:

- Reference to the 16,000 square foot vacated right-of-way property along Brommer Street Extension on page 25 of the audit document will remain as a clarifying statement on this land asset addition;
- The CZU Lightning Complex Fire will not be included under Note 11, Subsequent Events, since it is not likely to cause a material financial impact to the Port District;

- Reference to a 4.5% CPI increase to landside lease base rents found on page 6 of the audit is correct. The increase to landside leases was effective 4/1/19.

ANALYSIS

Revenue:

The Port District's operating revenues (less non-cash lease revenues) were approximately \$9,747,116 in FY 20, which is approximately 6.5% higher than FY19, and 6% higher than FY20 budgeted revenue. The overall increase in operating revenues is primarily attributable to increases in slip rent and fuel sales, though visitor-related income sources including visitor berthing, launch fees, and RV were also higher than FY19 revenues and exceeded FY20 budget projections.

Expenses:

Expenses (before non-cash expenses including depreciation, amortization, and non-cash pension and OPEB liability) were approximately 5% higher than FY19 and approximately 10% under FY20 budget projections. The increase in expenses over FY19 is primarily due to higher salary and fuel costs.

GASB 68 Pension Liability:

FY 20 was the fifth year of implementation of GASB 68 which requires the Port District to show a proportionate share of the California Public Employees' Retirement System (CalPERS) total net pension liability for its risk pools on the financial statements, and a proportionate share of the total pension expense. Unfunded pension liability represents the value of retirement benefits for retirees not yet retired and retired, versus assets. (See Bartel Associates, LLC actuarial report appended as Attachment B.)

As reported during review of the draft audit in August, the District's net pension liability increased from \$3,990,879 in FY19, to \$4,338,392 in FY20, primarily due to the risk pools' actual experience for the year being different than assumed. Total pension expense recognized on the financial statements in FY20 is \$804,029, of which \$338,085 is non-cash. For the purposes of calculating the Port District's debt service ratio for BBVA Compass Bank, the non-cash pension liability is treated like depreciation, and added back to revenues.

GASB 75 OPEB Liability:

FY20 was the second year of implementation of GASB Statement No. 75 which requires the Port District to include net Other Post Employment Benefits (OPEB) liability on the financial statements. The FY19 audit was a single year presentation because of this change, though the FY20 audit has returned to a two-year format.

OPEB liability was previously included as a note disclosure in the District's annual audits. Total OPEB liability in FY20 decreased \$1,329 over FY19, from \$484,557 to \$483,228. OPEB expense is \$67,976, of which \$67,186 is non-cash. As reported during review of the draft audit in August, the \$790 difference **is the District's actual health premium contributions and administrative expenses** (emphasis added) for retiree medical health care in FY20. For the purposes of calculating the Port District's debt service ratio for BBVA Compass Bank, the non-cash OPEB liability is treated like depreciation, and added back to revenues.

Overall, the District's net position increased \$860,637, a 3% increase over the prior year.

Staff recommends acceptance of the final FY20 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 agreements. 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, 2020
 - B. Consolidated GASB 68 Reporting Information by Bartel Associates, LLC
 - C. GASB 75 Accounting Information as of Measurement Date March 31, 2019, Based on the April 1, 2019, Actuarial Valuation by Bartel Associates, LLC

SANTA CRUZ PORT DISTRICT

FINANCIAL REPORT

Years ended March 31, 2020 and 2019

DRAFT

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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, 2020 and 2019, 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 fair 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 these 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, 2020 and 2019, 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 **TBD**, 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.

TBD

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2020 and 2019

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, 2020. Please read in conjunction with the District's basic financial statements.

FINANCIAL HIGHLIGHTS

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

As of March 31, 2020, the unrestricted Reserve Fund balance was \$1,888,692. Excluding depreciation, amortization, and other non-cash expenses, this figure exceeds the Reserve Fund goal by approximately 9% based on actual FY20 annual operating expenses. The District's FY21 budget funded an additional \$127,410 contribution to the reserve fund, to bring the fund balance up to \$2,016,102; however, due to the Coronavirus pandemic ("COVID-19") and response measures adopted by the Port Commission in April 2020, the FY21 contribution to the reserve fund was eliminated, keeping the Reserve Fund balance at \$1,888,692.

The CIP fund contribution goal was set at \$500,000 annually to fund current and future infrastructure maintenance and improvements. The FY20 budget funded \$500,000 to the CIP fund.

The FY19 budget increased full-time equivalent staffing by two, from twenty-seven (27) to twenty-nine (29) positions, converting two pre-existing full-time provisional positions, the Parking Coordinator position, and a Harbor Dredge Worker position. Full-time equivalent staffing remained static in FY20 at 29.

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 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.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2020 and 2019

FINANCIAL HIGHLIGHTS (Continued)

The District received \$385,000 in revenue from the Corps in FY20, and \$449,000 in FY19. Variations in funding year-to-year are attributable to the Corps catching up on funding shortfalls from previous years. 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. It is anticipated that this will increase Corps' annual reimbursement to approximately \$524,000 annually for calendar years 2020-2024, subject to funding availability and verification of expenses.

Financing for two major projects was secured in September 2018, through BBVA Compass Bank, totaling \$3.35 million. Financing in the amount of \$1,750,000 was acquired for the Pile Removal and Replacement Project, and \$1,600,000 was acquired for Aldo's Seawall Replacement Project, and partially offset the District's overall investment in these capital improvement projects. The District's loan agreement with BBVA Compass Bank for a \$2,000,000 Line of Credit (LOC) was terminated as part of the overall financing package.

Phase 1 of the Pile Removal and Replacement Project was completed in FY19 at a cost of approximately \$870,000. Phase 2 was completed in FY20 at a cost of approximately \$1,493,522. The contractor for Phases 1 and 2 was Bellingham Marine. The Aldo's Seawall Replacement Project was substantially complete in FY20 at a cost of \$2,144,321, with final completion of all punch list items and change orders in FY21. The contractor for the Aldo's Seawall Replacement Project was Granite Construction. Both CIP projects were completed underbudget, and all available loan financing was expended. The FY21 budget reallocated remaining CIP funding for the Pile Removal and Replacement Project to the Pier Rehabilitation Project; remaining CIP funding for the Aldo's Seawall Replacement Project continues to be reserved for remaining FY21 project costs and to fund future capital improvements associated with reconstruction of the restaurant by the lessor.

The Concession Lot Automation Project, also known as the Concession Lot Parking Access and Revenue Control System (PARCS) Project was substantially complete in FY20 with final completion in FY21. The total project cost, including design, engineering, electrical work, cabling, equipment and installation is approximately \$190,000. Though the PARCS system is capable of full automation, it was anticipated that the concession lot exit kiosk would continue to be attended by staff for the foreseeable future; however, in the interest of protecting employee and public health due to COVID-19, the lot was fully automated in May 2020.

A permanent display for the gaff-rigged felucca sailing boat named *Pappy* was completed in FY20. The vessel and plaque honoring the vessel and its former owner, Ed Larson, are displayed near the Santa Cruz Harbor office.

Acquisition and installation of a hazmat shed in the dredge yard was completed in FY20. This facility provides secure storage for hazardous materials assuring greater environmental protection.

A new kayak rack storage facility was constructed in the "X-J" channel area in FY20 at a cost of approximately \$20,000. The new facility generated approximately \$18,697 in new revenue in FY20.

Other Capital Improvement Projects completed in FY20 included pavement repairs, installation of security cameras throughout the harbor, re-roofing 493 Lake Avenue and the harbor office cupola.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2020 and 2019

FINANCIAL HIGHLIGHTS (Continued)

Each year since FY13, the District has adopted a 5-Year Capital Improvement Plan (CIP). The CIP lists projects for the current year in detail, and provides capital needs forecasts extending out five years. The CIP was updated in FY20 to cover the period FY20-FY24 and provided funding for fourteen projects totaling \$600,538, three of which were new projects. Funding was derived from a \$500,000 FY20 contribution to the CIP, and reallocation of \$100,538 in Unallocated CIP Funds.

The CIP is updated as part of each budget adoption cycle. CIP projects are budgeted and reported within the Capital Improvement Fund. The vast majority of expenses within the Capital Improvement Fund are capitalized upon project completion and include force account labor where applicable. As a result, salary costs in the operating budget are decreased.

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.

In December 2017, 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, and a two-year MOU with the Operating Engineers Union Local No. 3 ("OE3") ending December 31, 2019; and, in January 2018, the District entered into a salary and benefit agreement with the Harbor Management Group. The MOUs and labor agreements reflected comparable labor market findings from an updated Classification and Compensation Study completed by Public Sector Personnel Consultants ("PSPC") in 2017. The District entered into a one-year MOU with OE3 effective January 1, 2020, which included a 2% cost-of-living increase. The District bargained with HEA to increase salaries by one-half of one percent, bringing the cost-of-living increase effective January 1, 2020, to 2% total.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2020 and 2019

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 \$52,152 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, 2020 and 2019

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 \$12,563,188 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, 2020 and 2019

Fiscal Year Ended March 31, 2019

Operating Revenues

Operating revenues were \$9,211,328; \$66,544 of which were non-cash lease revenues from O'Neill Sea Odyssey, leaving total revenues at \$9,144,784, or about 103% of budgeted revenues, and were \$140,589, or 2% higher than the prior year. Visitor-related income sources (visitor berthing fees, launch fees, parking, and RV) were \$1,179,047, \$6,145, or <1% lower than the prior year. Visitor parking decreased from FY18, while visitor berthing, launch and recreational vehicle parking revenue increased over FY18. Launch revenue increased over FY18 by about 18%, due in part to increased activity and improved segregation of launch and parking revenue. Slip rent, at \$4,320,958, was under budget by \$38,318, or <1%, and approximately \$100,261 higher, or 2% greater than the prior year.

FY19 concession income of \$1,838,345 was 5% or \$89,285 higher than budget, and down 2.7% from FY18, which is attributable to additional revenue recognized in FY18 due to reporting period end dates.

Boatyard revenue increased \$20,632, approximately 7% higher than the prior year, attributable to increases in layday and storage revenue, and vessel berthing.

Fuel sales increased over FY18 by \$33,795 overall, or 7%. FY19 experienced a decline in gasoline sales of \$32,309, and an increase in diesel sales of \$66,104.

The 2% overall increase in operating revenues in FY19 is primarily attributable to increases in slip rent, diesel sales, launch and visitor berthing.

Operating Expenses

Operating expenses (before depreciation, amortization and non-cash pension and OPEB liability) were \$6,529,171, \$597,478, or 8% under budget (net of Capital Project budget and expenditures), and approximately \$355,890, or 6% higher than the prior year adjusting for non-cash pension expense. Non-dredging expenses of \$5,296,989 were lower than budget, and \$131,776 lower, or 2% less than the prior year. This is primarily due to project-related activities funded in the CIP which reduces labor operating expense. Dredging expenses of \$1,232,182 were comparable to the prior year.

Net Position

The District's net position at March 31, 2019, is \$28,714,311. This is an increase of \$994,943 or 3.6% from the March 31, 2018, net position of \$27,719,368, after consideration of prior period adjustment related to retroactive implementation of Governmental Accounting Standards Board (GASB) Statement No. 75.

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

Current Assets increased \$3,268,199 in FY19, primarily due to increases in cash due to the loan funds secured in September 2018.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2020 and 2019

Fiscal Year Ended March 31, 2019 (Continued)

Net Position (continued)

Deferred outflows of resources decreased by \$289,814 in FY19, to \$952,569. 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 \$588,335 in FY19, to \$7,649,907. This is due primarily to an increase in current liabilities due to new debt financing acquired in September 2018, and GASB Statement No. 75, which requires net Other Post Employment Benefits (OPEB) liability to be included on the financial statements. Note: OPEB liability was previously disclosed as a note disclosure in the District's annual audit. The District's FY19 financial statements were presented as a single year due to this change. Net pension liability as calculated per GASB Statement No. 68 decreased in FY19.

Long term debt obligations increased by \$1,941,284 in FY19 to \$13,858,644, due to new taxable and non-taxable bond financing secured with BBVA Compass Bank in September 2018.

Deferred inflows of resources increased by \$84,254 in FY19, to \$367,885. This increase was due to the change in the net pension liability as calculated per GASB Statement No. 68.

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SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Years Ended March 31, 2020 and 2019

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, 2020. 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, 2020 and 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following summarizes net position:

	2020	2019	2018 *
Assets			
Current and other assets	\$ 10,409,436	\$ 13,365,223	\$ 10,097,024
Capital assets net of depreciation	37,921,137	35,257,569	35,191,917
Other assets	<u>1,016,571</u>	<u>1,015,386</u>	<u>726,601</u>
Total Assets	49,347,144	49,638,178	46,015,542
Deferred outflows	<u>938,304</u>	<u>952,569</u>	<u>1,242,383</u>
	<u>\$ 50,285,448</u>	<u>\$ 50,590,747</u>	<u>\$ 47,257,925</u>
	-1%	7%	
Liabilities			
Current liabilities	\$ 2,468,596	\$ 2,658,753	\$ 2,426,320
Long-term debt	12,563,188	13,858,644	11,917,360
Unearned revenue	449,174	515,718	582,260
Net pension liability	4,338,392	3,990,879	4,052,992
Net OPEB liability	<u>483,228</u>	<u>484,557</u>	<u>--</u>
Total Liabilities	20,302,578	21,508,551	18,978,932
Deferred inflows	<u>407,922</u>	<u>367,885</u>	<u>283,631</u>
	<u>\$ 20,710,500</u>	<u>\$ 21,876,436</u>	<u>\$ 19,262,563</u>
	-5%	14%	
Net position			
Net investment in capital assets	\$ 23,543,068	\$ 19,562,212	\$ 21,576,916
Restricted for debt service	1,016,571	1,015,386	726,601
Unrestricted	<u>5,015,309</u>	<u>8,136,713</u>	<u>5,691,845</u>
Total net position	<u>\$ 29,574,948</u>	<u>\$ 28,714,311</u>	<u>\$ 27,995,362</u>
	3%	3%	

* Not adjusted for prior period adjustment related to the OPEB liability pertaining to the retroactive implementation of GASB Statement No. 75

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, 2020 and 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

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, 2020 and 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Fiscal Year Ended March 31, 2019

Capital Assets

Priorities for capital investment in FY19 focused on completing permitting, plans and specifications for replacement of the seawall at Aldo's Restaurant and going out to public bid, completing Phase 1 of the Pile Removal and Replacement Project and preparing bid documents for the Phase 2 project to be completed in FY20; completing fabrication of new aluminum dock gates and necessary brow pier repairs to facilitate installation of the electronic key system for dock gates, restrooms and shower facilities; replacing damaged flooring at 345 Lake Avenue, replacing worn and damaged carpet at the harbor office and exterior painting at 493 Lake Avenue.

Investments in equipment included major overhaul of Dauntless, fabrication of a new snorkel for *Twin Lakes* (a non-depreciable asset until installation is completed for the 2019-20 dredge season), replacement of spill buckets on the underground fuel storage tanks, acquisition of a used bucket truck for the Grounds Department, unanticipated outlay for replacement of an electrical cable on O-dock, a replacement server and network cabling project at the harbor office and acquisition of a used backhoe from proceeds generated through the sale of the District's rubber-tired loader.

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, 2019, totaled \$15,113,095. This represents an increase of \$2,146,898 or 17%, from FY18's total debt of \$12,966,197.

SANTA CRUZ PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended March 31, 2020 and 2019

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 DISTRICTSTATEMENTS OF NET POSITION
March 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,070,823	\$ 13,095,489
Trade receivables	245,550	110,480
Grants receivable	--	48,639
Interest receivable	48,223	75,887
Inventory	10,263	6,944
Prepaid expenses	34,577	27,784
	<u>10,409,436</u>	<u>13,365,223</u>
RESTRICTED ASSETS		
Cash and cash equivalents (Note 2)	<u>1,016,571</u>	<u>1,015,386</u>
CAPITAL ASSETS (Note 3)		
Nondepreciable assets:		
Land	1,349,360	1,349,360
Construction in progress	3,197,517	874,128
Depreciable assets:		
Structures and improvements	29,668,008	29,477,120
Docks	24,113,526	22,600,115
Equipment	11,864,219	11,335,516
Office equipment	153,680	153,680
	<u>70,346,310</u>	<u>65,789,919</u>
Less accumulated depreciation	<u>32,425,173</u>	<u>30,532,350</u>
	<u>37,921,137</u>	<u>35,257,569</u>
	<u>49,347,144</u>	<u>49,638,178</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts from pension plans (Note 6)	927,507	948,686
Deferred amounts from OPEB plan (Note 9)	<u>10,797</u>	<u>3,883</u>
	<u>938,304</u>	<u>952,569</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 50,285,448</u>	<u>\$ 50,590,747</u>

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

SANTA CRUZ PORT DISTRICTSTATEMENTS OF NET POSITION
March 31, 2020 and 2019

	2020	2019
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 169,131	\$ 395,293
Accrued interest	92,380	101,615
Payroll liabilities	210,982	219,891
Current portion of long-term debt (Note 4)	1,299,163	1,254,451
Current portion of unearned revenue (Note 5)	66,544	66,544
Prepaid slip rents	191,985	189,780
Deposits	438,411	431,179
Total current liabilities	<u>2,468,596</u>	<u>2,658,753</u>
LONG-TERM DEBT, less current portion (Note 4)	<u>12,563,188</u>	<u>13,858,644</u>
OTHER LONG-TERM LIABILITIES		
Unearned revenue, less current portion (Note 5)	449,174	515,718
Net pension liability (Note 6)	4,338,392	3,990,879
Net OPEB liability (Note 9)	483,228	484,557
Total Liabilities	<u>5,270,794</u>	<u>4,991,154</u>
Total Liabilities	<u>20,302,578</u>	<u>21,508,551</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts from pension plans (Note 6)	334,844	365,451
Deferred amounts from OPEB plan (Note 9)	73,078	2,434
Total Deferred Inflows of Resources	<u>407,922</u>	<u>367,885</u>
NET POSITION		
Net investment in capital assets	23,543,068	19,562,212
Restricted for:		
Debt service	1,016,571	1,015,386
Unrestricted	5,015,309	8,136,713
Total Net Position	<u>29,574,948</u>	<u>28,714,311</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 50,285,448</u>	<u>\$ 50,590,747</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, 2020 and 2019

	2020	2019
Operating revenues:		
Charges for berthing and services	\$ 7,920,084	\$ 7,372,983
Rent and concessions	1,893,576	1,838,345
	<u>9,813,660</u>	<u>9,211,328</u>
Operating expenses:		
Depreciation and amortization	1,954,934	1,830,080
Dredging operations	1,369,670	1,232,182
Administrative services	759,880	653,783
Grounds	727,772	750,251
Harbor patrol	683,549	641,569
Fuel services	536,061	413,682
Property management	480,408	474,209
Marina management	434,290	544,303
Parking services	341,396	357,156
Non-cash pension liability	338,085	313,404
Buildings	323,550	322,642
Boatyard operations	274,979	254,419
Docks, piers, marine structures	237,013	270,617
Finance & purchasing	181,208	170,690
Environmental & permitting	174,318	143,423
Rescue services	99,549	95,508
Utilities	85,665	87,508
Non-cash OPEB liability	67,186	70,313
Port commission support	52,156	45,923
Aeration	38,467	36,840
Events	30,440	30,682
Capital projects	6,812	1,022
Fishery support	5,680	2,762
	<u>9,203,068</u>	<u>8,742,968</u>
Operating income	<u>610,592</u>	<u>468,360</u>
Non-operating revenues (expenses):		
County revenues for public services	49,985	12,493
Grants	37,826	111,403
Dredging reimbursement (Note 10)	385,000	449,000
Interest income	265,810	242,056
Other income	2,809	188,516
Interest expense	(491,385)	(476,885)
	<u>250,045</u>	<u>526,583</u>
Increase in net position	<u>860,637</u>	<u>994,943</u>
Net position, beginning, as previously reported	<u>28,714,311</u>	<u>27,995,362</u>
Cumulative effect of change in accounting principle		<u>(275,994)</u>
Net position, beginning as restated		<u>27,719,368</u>
Net position, ending	<u>\$ 29,574,948</u>	<u>\$ 28,714,311</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, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 9,621,483	\$ 9,174,697
Cash paid to suppliers and employees	<u>(7,092,831)</u>	<u>(6,353,981)</u>
Net cash provided by operating activities	<u>2,528,652</u>	<u>2,820,716</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
County revenues received for public services	49,985	12,493
Grant monies received	86,465	166,751
Government revenues received for dredge operations	385,000	449,000
Cash received from other nonoperating activities	<u>69,177</u>	<u>188,516</u>
Net cash provided by noncapital financing activities	<u>590,627</u>	<u>816,760</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital expenditures	(4,684,870)	(1,895,732)
Proceeds from grantors and governmental agencies as reimbursement for capital expenditures	--	25,679
Interest paid on long-term debt	(500,620)	(466,387)
Proceeds from long-term debt	--	3,350,000
Principal paid on long-term debt	<u>(1,250,744)</u>	<u>(1,203,102)</u>
Net cash used by capital and related financing activities	<u>(6,436,234)</u>	<u>(189,542)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	<u>293,474</u>	<u>198,580</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,023,481)</u>	<u>3,646,514</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>14,110,875</u>	<u>10,464,361</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 11,087,394</u>	<u>\$ 14,110,875</u>

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

SANTA CRUZ PORT DISTRICT

STATEMENT OF CASH FLOWS

Years Ended March 31, 2020 and 2019

	2020	2019	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 610,592	\$ 468,360	
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,954,934	1,830,080	
Non-cash pension liability	338,085	313,404	
Non-cash OPEB liability	67,186	70,313	
(Increase) decrease in:			
Trade receivables	(135,070)	27,535	
Inventory	(3,319)	312	
Prepaid expenses	(6,793)	24,132	
Deferred outflows from OPEB plan	(4,785)	(3,200)	
Increase (decrease) in:			
Accounts payable and accrued expenses	(235,071)	153,946	
Deferred revenue	(66,544)	(66,542)	
Prepaid slip rents	2,205	8,560	
Deposits	7,232	(6,184)	
Net cash provided by operating activities	<u>\$ 2,528,652</u>	<u>\$ 2,820,716</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, 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>
Year ended March 31, 2019			
Cash and cash equivalents, beginning	\$ 9,737,760	\$ 726,601	\$ 10,464,361
Net increase	<u>3,357,729</u>	<u>288,785</u>	<u>3,646,514</u>
Cash and cash equivalents, ending	<u>\$ 13,095,489</u>	<u>\$ 1,015,386</u>	<u>\$ 14,110,875</u>

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Years Ended March 31, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019, included in payroll liabilities on the Statement of Net Position, was \$112,141 and \$118,568, 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, 2020 and 2019

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 requirement in the future:

- GASB 87 - “Leases”, effective for periods beginning after December 15, 2019.

Deferred Outflows/Inflows 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, 2020 and 2019

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, 2020 and 2019

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, 2020.

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

	2020	2019
Restricted cash and cash equivalents for debt service:		
Money market funds / government obligations	<u>\$ 1,016,571</u>	<u>\$ 1,015,386</u>

NOTE 3. CAPITAL ASSETS

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>4,858,438</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>

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2020 and 2019

NOTE 3. CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets for the year ended March 31, 2019:

	March 31, 2018	Additions	Deletions and Transfers	March 31, 2019
Nondepreciable assets:				
Land	\$ 1,349,360	\$ --	\$ --	\$ 1,349,360
Construction in progress	605,977	332,046	(63,895)	874,128
Depreciable assets:				
Structures and improvements	29,405,675	71,445	--	29,477,120
Docks	21,562,506	1,020,833	16,776	22,600,115
Equipment	10,873,439	505,807	(43,730)	11,335,516
Office equipment	140,960	12,720	--	153,680
	<u>63,937,917</u>	<u>1,942,851</u>	<u>(90,849)</u>	<u>65,789,919</u>
Accumulated depreciation	<u>(28,746,000)</u>	<u>(1,830,080)</u>	<u>43,730</u>	<u>(30,532,350)</u>
	<u>\$ 35,191,917</u>	<u>\$ 112,771</u>	<u>\$ (47,119)</u>	<u>\$ 35,257,569</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, 2020 and 2019

NOTE 4. LONG-TERM DEBT

Long-term debt and related current portion as of March 31, 2020 and 2019, is presented below:

	March 31, 2019	Additions	Reductions	March 31, 2020
Compass Bank taxable loan	\$ 1,496,468	\$ --	\$ (205,006)	\$ 1,291,462
Compass Bank tax-exempt loan	10,363,719	--	(859,671)	9,504,048
PG&E loan	56,711	--	(13,888)	42,823
Phone system	457	--	(457)	--
2018A Revenue Obligation	1,551,693	--	(83,787)	1,467,906
2018B Revenue Obligation	1,697,164	--	(91,641)	1,605,523
	<u>15,166,212</u>	<u>--</u>	<u>(1,254,450)</u>	<u>13,911,762</u>
Less revenue obligation issuance cost:	(53,117)	--	3,706	(49,411)
Less current portion	<u>(1,254,451)</u>	<u>(44,712)</u>	<u>--</u>	<u>(1,299,163)</u>
	<u>\$ 13,858,644</u>	<u>\$ (44,712)</u>	<u>\$ (1,250,744)</u>	<u>\$ 12,563,188</u>

Total interest incurred and charged to expense during the years ended March 31, 2020 and 2019, was \$491,385 and \$476,885, 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, 2020 and 2019

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.

Phone system - In September 2014 the District entered into a capital lease agreement with AVAYA Financial Services, in the amount of \$18,866, for new phone systems. Terms of the lease called for monthly principal payments of \$315 over a period of 60 months. The loan was paid in full during the year ended March 31, 2020.

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 \$68,684 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, 2020, 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
2021	\$ 1,299,163	\$ 436,548	\$ 1,735,711
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
2026-2030	6,341,516	681,906	7,023,422
2031-2035	<u>939,736</u>	<u>111,756</u>	<u>1,051,492</u>
	<u>\$ 13,911,762</u>	<u>\$ 2,534,603</u>	<u>\$ 16,446,365</u>

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Years Ended March 31, 2020 and 2019

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 \$1,042,521 of the unearned revenue as rental income. Of the remaining \$515,718, \$66,544 is considered current and \$449,174 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, 2020 and 2019

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 10.022% for April 2019 – June 2019 and 10.823% from July 2019 – March 2020. For the 2% @ 60 tier, the employer rate was 7.634% from April 2019 – June 2019 and 8.081% from July 2019 – March 2020. For the 2% @ 62 tier, the employer rate was 6.842% from April 2019 – June 2019 and 6.985% from July 2019 - March 2020. 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, 2020, the District reported a \$4,338,392 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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2020 was as follows:

Proportion - March 31, 2019	0.0414%
Proportion - March 31, 2020	0.0423%
Change - Increase (Decrease)	0.0009%

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2020 and 2019

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, 2020, the District recognized pension expense of \$804,029. At March 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
	<u> </u>	<u> </u>
Differences between actual and expected experience	\$ 301,320	\$ 23,346
Change in assumptions	206,875	73,335
Net differences between projected and actual earnings on plan investments	--	75,849
Change in employer's proportion	58,649	45,026
Differences between the employer's contributions and the employer's proportionate share of contributions	--	117,288
Pension contributions subsequent to measurement date	<u>360,663</u>	<u> --</u>
 Total	 <u><u>\$ 927,507</u></u>	 <u><u>\$ 334,844</u></u>

The \$360,663 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will increase (decrease) recognized pension expense as follows:

<u>Year ending March 31,</u>	<u>Amount</u>
2021	\$ 249,252
2022	(69,064)
2023	36,485
2024	<u>15,327</u>
	<u><u>\$ 232,000</u></u>

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2020 and 2019

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, 2020 total pension liability was determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary Increase	Varies by entry age and service.
Mortality	The probabilities of mortality are 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 improvements 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.
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, 2018 valuation were based on the results of a 2018 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, 2020 and 2019

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 the 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.

<u>Asset class</u>	<u>Assumed asset allocation</u>	<u>Real return years 1-10 (a)</u>	<u>Real return years 11+ (b)</u>
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%	4.94%
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, 2020 and 2019

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		6.15%
Net Pension Liability	\$	6,517,362
Current Discount Rate		7.15%
Net Pension Liability	\$	4,338,392
1% Increase		8.15%
Net Pension Liability	\$	2,539,806

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, 2020, the District had no outstanding contributions payable to the pension plan required for the year ended March 31, 2020.

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, 2020 and 2019

NOTE 8. OPERATING LEASES (Continued)

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

	2020	2019
Land	\$ 1,224,703	\$ 1,224,703
Structures and improvements	27,859,758	27,668,870
Docks	<u>24,077,276</u>	<u>22,563,865</u>
	53,161,737	51,457,438
Less accumulated depreciation and amortization	<u>25,479,044</u>	<u>24,070,170</u>
	<u>\$ 27,682,693</u>	<u>\$ 27,387,268</u>

Minimum future lease income to be received on non-cancelable rent and concession leases as of March 31, 2020, for each of the next 5 years and in the aggregate is:

2021	\$ 786,279
2022	738,915
2023	485,179
2024	300,341
2025	178,277
Thereafter	<u>272,865</u>
	<u>\$ 2,761,856</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, 2020 and 2019, totaled approximately \$683,971 and \$609,267, 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 2 retired employees and 25 active employees participating in the Plan.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2020 and 2019

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 (\$139 for 2020) 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 \$753. Including the implicit rate subsidy of \$4,785 and administrative expenses of \$37, the District’s total contributions to the plan for the year ended March 31, 2020, were \$5,575.

Total OPEB liability: The District’s total OPEB liability was measured as of March 31, 2019 and was determined by an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2019. 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, 2019
Contribution Policy	No pre-funding
Actuarial assumptions:	
Discount rate	3.79% at March 31, 2019 (Bond buyer 20-bond index)
General inflation	2.75% annually
Mortality, retirement, disability and termination	CalPERS 1997-2011 experience study
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2019
Medical trend	Non-medicare: 7.5% 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, 2020 and 2019

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 3/31/19 (3/31/18 measurement date)	<u>\$ 484,557</u>
Changes in the year:	
Service cost	54,348
Interest	20,887
Actual vs. expected experience	(78,459)
Assumption changes	5,778
Benefit payments	<u>(3,883)</u>
Net changes	<u>(1,329)</u>
Balance at 3/31/20 (3/31/19 measurement date)	<u>\$ 483,228</u>

Change of Assumptions

The discount rate changed from 3.89% for the measurement period ended March 31, 2018, to 3.79% for the measurement period ended March 31, 2019 as a result of the change in the municipal bond 20-year high grade rate index.

Change of Benefit Terms

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	2.79%
Total OPEB Liability	\$ 579,589
Current Discount Rate	3.79%
Total OPEB Liability	\$ 483,228
1% Increase	4.79%
Total OPEB Liability	\$ 407,641

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2020 and 2019

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	\$	396,879
Current Trend		7.25%
Total OPEB Liability	\$	483,228
1% Increase		8.25%
Total OPEB Liability	\$	597,621

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended March 31, 2020, the District recognized OPEB expense of \$67,186. At March 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ --	\$ 70,915
Change in assumptions	5,222	2,163
OPEB contributions made subsequent to the measurement date	<u>5,575</u>	<u>--</u>
Total	<u>\$ 10,797</u>	<u>\$ 73,078</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, 2021.

Payable to the OPEB Plan: At March 31, 2020, the District had no outstanding amount of contributions to the OPEB plan required for the year ended March 31, 2020.

SANTA CRUZ PORT DISTRICT

NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2020 and 2019

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, 2020, the District received \$385,000 in payments from Department of the Army Corps of Engineers for dredging operations that occurred in 2018-19. During the year ended March 31, 2019, the District received \$449,000 in payments from Department of the Army Corps of Engineers for dredging operations that occurred in 2017-18.

NOTE 11. SUBSEQUENT EVENTS

Management has evaluated its March 31, 2020 and 2019 financial statements for subsequent events through **TBD**, the date of issuance of the financial statements. As a result of the spreads of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the District. The financial impact is unknown at this time.

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SANTA CRUZ PORT DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years*

	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Plan's proportion of the net pension liability	0.0423%	0.0414%	0.0409%	0.0406%	0.0400%
Plan's proportionate share of the net pension liability	\$ 4,338,392	\$ 3,990,879	\$ 4,052,992	\$ 3,509,957	\$ 2,745,051
Plan's covered - employee payroll**	\$ 2,239,940	\$ 2,174,449	\$ 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	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	75.26%	75.26%	73.31%	74.06%	78.40%
Plan's proportionate share of aggregate employer contributions	\$ 491,504	\$ 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 five 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*

	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Actuarially determined contribution	\$ 465,337	\$ 397,547	\$ 332,430	\$ 309,357	\$ 188,042
Contributions in relation to the actuarially determined contribution	<u>(465,337)</u>	<u>(397,547)</u>	<u>(332,430)</u>	<u>(309,357)</u>	<u>(188,042)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered-employee payroll**	\$ 2,267,137	\$ 2,227,398	\$ 2,160,998	\$ 1,912,027	\$ 1,692,156
Contributions as a percentage of covered-employee payroll	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 five 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, 2020</u>	<u>March 31, 2019</u>
Measurement date	March 31, 2019	June 30, 2018
Total OPEB liability:		
Service cost	\$ 54,348	\$ 53,126
Interest on total OPEB liability	20,887	18,141
Actual vs. expected experience	(78,459)	
Changes in assumptions	5,778	(2,705)
Benefit payments, including refunds and the implied subsidy benefit payments	(3,883)	(1,705)
Net change in total OPEB liability	(1,329)	66,857
Total OPEB liability - beginning of the year	484,557	417,700
Total OPEB liability - end of the year (a)	<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 - Ending (a)-(b)	<u>\$ 483,228</u>	<u>\$ 484,557</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered - employee payroll**	\$ 2,411,907	\$ 2,127,435
Net OPEB liability as a percentage of covered - employee payroll	20.04%	22.78%

Notes to Schedule:

Changes in Benefit Terms:

None

Change in Assumptions:

The discount rate changed from 3.89% for the measurement period ended March 31, 2018, to 3.79% for the measurement period ended March 31, 2019 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 two 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, 2020, 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 **TBD**.

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.

TBD

DRAFT



INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

Board of Commissioners
Santa Cruz Port District
Santa Cruz, California

Our report on our audit of the basic financial statements of the Santa Cruz Port District as of and for the years ended March 31, 2020 and 2019, appears on pages 1-2. The audit was 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.

TBD

DRAFT

SANTA CRUZ PORT DISTRICT

SCHEDULE OF INSURANCE COVERAGE

March 31, 2020

As of March 31, 2020, 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)	\$24,525,661	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 / PROTECTION AND INDEMNITY		
Hull and Machinery	\$5,240,600	Per Schedule
Protection and Indemnity	\$1,000,000	\$1,000
PUBLIC OFFICIALS Liability		
Each Claim and in the Aggregate	\$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



**Santa Cruz Port District
CalPERS Miscellaneous Pension Plans**

March 31, 2020
Consolidated GASB 68 Reporting Information
CalPERS Risk Pools

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August 27, 2020

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Applicable Dates and Periods

	March 31, 2020 Employer Fiscal Year
■ Measurement date (MD)	June 30, 2019
■ Measurement period	July 1, 2018 to June 30, 2019
■ Actuarial valuation date	June 30, 2018



Basis of Report

This report presents employer-specific amounts for reporting in accordance with Governmental Accounting Standards Board Statement No. 68 (GASB 68) for CalPERS public agency cost-sharing plans. Our calculations are based on information provided in actuarial valuation reports prepared by CalPERS and on the "Schedule of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts", prepared by CalPERS and audited by BDO. We have followed the methodology described in that report and in other CalPERS publications including the GASB 68 Guide for Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plans. It was not part of the scope of this project, nor was information available, to review the census data, actuarial calculations or the actuarial assumptions used to prepare those reports. CalPERS reports used for our calculations are available at: <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb> Additional information to be presented in each agency's Notes and RSI can be found on CalPERS website in the CalPERS Risk Pool reports as of the June 30, 2019 Measurement Date and CalPERS CAFR:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-accounting-valuation-miscellaneous-risk-pool-2019.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-accounting-valuation-safety-risk-pool-2019.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf>



Net Pension Liability

Proportionate Share of Net Pension Liability/(Asset)

	Fiscal Year Ending	
	March 31, 2020	March 31, 2019
■ Total	\$ 4,338,392	\$ 3,990,879

See page 20 for supporting detail.



Net Pension Liability

Proportionate Share of Net Pension Liability/(Asset)

	Percentage Share of Plan		Change: Increase/ (Decrease)
	3/31/2020	3/31/2019	
■ Fiscal Year End	3/31/2020	3/31/2019	
■ Measurement Date	6/30/2019	6/30/2018	
■ Percentage of Plan (PERF C) NPL	0.04234%	0.04142%	0.00092%

See page 20 for supporting detail.



Note Disclosures

Long-Term Expected Rate of Return *

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 of 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11 + ²</u>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

* This information is from the CalPERS report: <https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2019.pdf>

¹ An expected inflation of 2.00% used for this period.

² An expected inflation of 2.92% used for this period.



Note Disclosures

Discount Rate *

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

* This description is from the CalPERS report:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2019.pdf>



Note Disclosures

**Sensitivity of Proportionate Share of Net Pension Liability (Asset)
to Changes in the Discount Rate**

	Discount Rate		
	6.15% (1% Decrease)	7.15% (Current Rate)	8.15% (1% Increase)
■ Measurement Date	6/30/2019		
■ Fiscal Year End	3/31/2020		
■ Net Pension Liability	\$ 6,517,362	\$ 4,338,392	\$ 2,539,806

See page 21 for supporting detail.



Note Disclosures

Pension Expense (Income) for Fiscal Year

	2019/20
■ Total pension expense (income) for fiscal year	\$ 804,029

See page 31 for supporting detail.



Note Disclosures

Deferred Outflows/Inflows Balances at March 31, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience *	\$ 301,320	\$ (23,346)
■ Changes of assumptions *	206,875	(73,335)
■ Net differences between projected and actual earnings on plan investments *	-	(75,849)
■ Change in employer's proportion **	58,649	(45,026)
■ Differences between the employer's contributions and the employer's proportionate share of contributions***	-	(117,288)
■ Pension contributions subsequent to measurement date	360,663	-
■ Total	<u>927,507</u>	<u>(334,844)</u>

* Supporting detail on page 23.

** Supporting detail on page 26.

*** Supporting detail on page 29.



Note Disclosures

**Recognition of Deferred Outflows and Inflows of Resources
in Future Pension Expense**

	Deferred Outflows/(Inflows) of Resources
■ Fiscal Year Ending March 31:	
● 2021	\$ 249,252
● 2022	(69,064)
● 2023	36,485
● 2024	15,327
● 2025	-
● Thereafter	-

Supporting detail on page 30.



Required Supplementary Information

**Schedule of District's Proportionate Share
of the Plan's (PERF C) Net Pension Liability**

	Fiscal Year End	
	3/31/20	3/31/19
■ Measurement Date	6/30/19	6/30/18
■ District's proportion of the net pension liability	0.04234%	0.04142%
■ District's proportionate share of the net pension liability	\$ 4,338,392	\$ 3,990,879
■ District's covered-employee payroll *	2,239,940	2,174,449
■ District's proportionate share of the net pension liability as a percentage of covered-employee payroll	193.68%	183.54%
■ Plan's fiduciary net position as a percentage of the plan's total pension liability **	75.26%	75.26%

* For the year ending on the measurement date.

** Supporting detail on page 17.



Required Supplementary Information

Schedule of the District's Contributions

Contributions for the fiscal year ending:	3/31/20	3/31/19
■ Actuarially determined contribution	\$ 465,337	\$ 398,154
■ Contributions in relation to the actuarially determined contribution	<u>465,337</u>	<u>398,154</u>
■ Contribution deficiency (Excess)	-	-
■ District's covered-employee payroll *	2,267,137	2,227,398
■ Contributions as a percentage of covered-employee payroll	20.53%	17.88%

* For the fiscal year ending on the date shown.



Actuarially Determined Contribution Assumptions *

- Actuarial cost method Entry age normal cost method
- Amortization method Level percent of pay, direct rate smoothing
- Remaining Amortization Periods Differs by employer rate plan but not more than 30 years
- Asset valuation method Market value of assets
- Inflation 2.625%
- Salary increases Varies by Entry Age and Service
- Discount Rate ** 7.25% (net of administrative expenses)
- Mortality Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

* From the CalPERS reports (Appendix A):

<https://www.calpers.ca.gov/docs/forms-publications/actuarial-valuation-section2-miscellaneous-2017.pdf>

<https://www.calpers.ca.gov/docs/forms-publications/actuarial-valuation-section2-safety-2017.pdf>

** Please note, the discount rate used for Actuarially Determined Contributions is different from the one used for Total Pension Liability (page 6). You can find more information on this here:

<http://www.bartel-associates.com/news/2018/07/11/pension-plan-funding-and-accounting-comparison>



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Data as of 6/30/19 Measurement Date

	Miscellaneous Risk Pool	Safety Risk Pool	Total
■ Employer Allocation Basis*			
Total Pension Liability	0.09008%	N/A	N/A
Fiduciary Net Postion	0.08485%	N/A	N/A
■ Data from Risk Pool Reports for Measurement Date June, 30 2019			
Total Pension Liability	\$ 17,984,188,264	\$ 23,442,265,225	\$ 41,426,453,489
(1) Fiduciary Net Postion	13,979,687,268	17,199,726,799	31,179,414,067
Net Pension Liability	4,004,500,996	6,242,538,426	10,247,039,422
Funded Percentage	N/A	N/A	75.26%
■ Sensitivity			
(2) NPL @ 6.15% discount rate	6,423,429,224	9,455,145,852	
(1) + (2) TPL @ 6.15% discount rate	20,403,116,492	26,654,872,651	
(3) NPL @ 8.15% discount rate	2,007,846,603	3,608,703,617	
(1) + (3) TPL @ 8.15% discount rate	15,987,533,871	20,808,430,416	
■ Collective Pension Expense	943,590,814	1,264,997,744	



■ Deferred Outflows (Inflows) Balances at June 30, 2019 Measurement Date (MD)				
MD				
2017	Differences between expected and actual experience	(21,549,404)	17,643,200	N/A
2018	Differences between expected and actual experience	92,956,415	55,527,888	N/A
2019	Differences between expected and actual experience	185,173,056	334,410,371	N/A
2017	Change in Assumptions	190,953,116	255,870,778	N/A
2018	Change in Assumptions	(67,691,294)	(49,932,947)	N/A
2016	Differences between projected and actual earnings on plan investments	154,573,554	197,724,471	N/A
2017	Differences between projected and actual earnings on plan investments	(179,481,113)	(228,512,293)	N/A
2018	Differences between projected and actual earnings on plan investments	(101,692,042)	(121,924,858)	N/A
2019	Differences between projected and actual earnings on plan investments	56,588,526	66,835,952	N/A
■ Other				
	Aggregate Employer Contributions	579,262,498	754,297,049	N/A
	Expected Average Remaining Service Lifetime (EARS�)		N/A	3.8
	Future Recognition of Deferred Amounts			
	Measurement Date			
	2020	294,655,907	455,590,247	N/A
	2021	(32,128,597)	(16,269,862)	N/A
	2022	33,156,374	71,613,189	N/A
	2023	14,147,130	16,708,988	N/A

*From the report: <https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2019.pdf>



Supporting Calculations

Employer Contributions during Year

	Fiscal Year Paid:		
	2020	2019	2018
April 1 to June 30			
■ Contributions	N/A	\$ 46,415	\$ 42,614
■ UAL Payment *	N/A	58,259	45,629
■ Total	N/A	104,674	88,243
Previous July 1 to March 31			
■ Contributions	\$ 147,176	\$135,209*	117,874
■ UAL Payment	213,487	174,701	136,880
■ Total	360,663	309,911	254,755
■ Fiscal Year	465,337	398,154	332,430
■ Measurement Period			
Ending June 30	N/A	414,585	342,998

* Different from the \$134,602 shown in our 2019 report; a correction of \$607 was made per the District's direction.



Supporting Calculations

Proportionate Share of Net Pension Liability/(Asset)

	Fiscal Year Ending 3/31/2020		
	Measurement Date 6/30/2019		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
■ District % *	0.09008%	0.08485%	
■ Total Misc Risk Pool *	\$ 17,984,188,264	\$ 13,979,687,268	N/A
■ District's Proportionate Share	16,200,157	11,861,765	\$ 4,338,392
■ Total PERF-C NPL *	N/A	N/A	10,247,039,422
■ District's Proportionate Share of NPL	N/A	N/A	0.04234%

* Supporting detail on page 17.



Supporting Calculations

Sensitivity of Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate

	Discount Rate		
	6.15%	7.15%	8.15%
■ Measurement Date	6/30/2019		
■ Fiscal Year End	3/31/2020		
■ Miscellaneous			
Risk Pool Total Pension Liability *	\$ 20,403,116,492	\$ 17,984,188,264	\$ 15,987,533,871
Employer's TPL Proportion	0.09008%	0.09008%	0.09008%
Proportionate share of TPL	\$ 18,379,127	\$ 16,200,157	\$ 14,401,571
Less: Proportionate share of FNP **	<u>11,861,765</u>	<u>11,861,765</u>	<u>11,861,765</u>
Net Pension Liability	6,517,362	4,338,392	2,539,806

* Supporting detail on page 17.

** Supporting detail on page 20.



Supporting Calculations

Allocation Factor for Deferred Inflows and Outflows

	<u>Miscellaneous</u>
(1) Total Misc Risk Pool Net Pension Liability*	\$ 4,004,500,996
(2) District's Proportionate Share of Net Pension Liability **	4,338,392
(3) District's Deferred Outflows/Inflows of Resources Allocation Basis (2) ÷ (1) ***	0.10834%

* Supporting detail on page 17.

** Supporting detail on page 20.

*** Deferred Outflows/Inflows of resources allocated based on the employer's share of the Miscellaneous Risk Pool net pension liability, per CalPERS' guidance in the 6/30/2019 Schedules of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts.



Supporting Calculations

Total Risk Pool Deferred Outflows/(Inflows)

Measurement Date	Item	Misc Risk Pool*	Employer Amount (0.10834%)**	Employer Deferred Outflow	Employer Deferred (Inflow)
Differences between Actual and Expected Experience					
2017		\$ (21,549,404)	\$ (23,346)	\$ -	(23,346)
2018		92,956,415	100,707	100,707	-
2019		185,173,056	200,613	200,613	-
Actual and Expected Experience			277,974	301,320	(23,346)
Changes of assumptions					
2017		190,953,116	206,875	206,875	-
2018		(67,691,294)	(73,335)	-	(73,335)
Total Assumptions Change			133,540	206,875	(73,335)
Net Difference between Projected and Actual Return on Investments					
2016 to 2019		(70,011,075)	(75,849)	-	(75,849)

* Supporting detail on page 18. ** Supporting detail on page 22, unrounded allocation factor is used.



Supporting Calculations

Change in Proportion Calculation

	Unrecognized Differences between Expected and Actual Experience	Unrecognized Changes in Assumptions	Unrecognized Net Difference Between Projected and Actual Earnings on Investments	Total Pension Liability	Fiduciary Net Position	Total
■ Miscellaneous Risk Pool						
Net deferral at 6/30/2018 MD	\$ 95,392,760	\$324,346,941	\$ 18,631,550	\$(16,891,153,209)	\$13,122,440,092	
Employer proportion at 6/30/2019 MD*	<u>0.10834%</u>	<u>0.10834%</u>	<u>0.10834%</u>	<u>0.09008%</u>	<u>0.08485%</u>	
Employer amount using 6/30/2019 basis	103,347	351,391	20,185	(15,215,551)	11,134,390	(3,606,238)
Employer balances at 6/30/2018 MD	<u>101,021</u>	<u>343,484</u>	<u>19,731</u>	<u>(15,281,426)</u>	<u>11,290,547</u>	<u>(3,526,643)</u>
Difference	(2,326)	(7,907)	(454)	(65,875)	156,157	79,595

* Supporting details on pages 17 and 22, unrounded allocation factor is used.



Supporting Calculations

Change in Proportion

Calculation at March 31, 2020 financial statement date

	<u>2016</u> <u>Measurement</u> <u>Date</u>	<u>2017</u> <u>Measurement</u> <u>Date</u>	<u>2018</u> <u>Measurement</u> <u>Date</u>	<u>2019</u> <u>Measurement</u> <u>Date</u>	<u>Total</u>
Balance reported at March 31, 2019	\$ 11,527	\$ (17,118)	\$ (58,205)	\$ 79,595 *	
Remaining Amortization Years	0.7 years	1.8 years	2.8 years	3.8 years	
Current Year Amortization	(11,527)	9,509	20,788	(20,946)	(2,176)
Balance reported at March 31, 2020	-	(7,609)	(37,417)	58,649	13,623

* Balance at April 1, 2019, after 3/31/19 reporting date.



Supporting Calculations

Recognition Schedule for Deferred Outflows/Inflows at March 31, 2020 Employer-Specific Deferral: Change in Proportions

	Initial Recognition Period				Total
	2017	2018	2019	2020	
■ Measurement Period	2015/16	2016/17	2017/18	2018/19	
■ Initial amount	\$ 60,928	\$ (36,136)	\$ (78,993)	\$ 79,595	
■ Initial recognition period	3.7 years	3.8 years	3.8 years	3.8 years	
■ Amount recognized in FY pension expense					
● 2017 (3rd prior year)	16,467	N/A	N/A	N/A	16,467
● 2018 (2nd prior year)	16,467	(9,509)	N/A	N/A	6,958
● 2019 (Prior year)	16,467	(9,509)	(20,788)	N/A	(13,830)
● 2020 (Current year)	11,527	(9,509)	(20,788)	20,946	2,176
● 2020/21	-	(7,609)	(20,788)	20,946	(7,451)
● 2021/22	-	-	(16,629)	20,946	4,317
● 2022/23	-	-	-	16,757	16,757
● Total	60,928	(36,136)	(78,993)	79,595	25,394
■ Deferred Outflows at FYE 3/31/2020	-	-	-	58,649	58,649
■ Deferred Inflows at FYE 3/31/2020	-	(7,609)	(37,417)	-	(45,026)



Supporting Calculations

Difference in Actual Contribution and Proportionate Share of Contribution Calculation

	<u>Miscellaneous</u>
(1) Aggregate Risk Pool employer contributions for MP 2018/19*	\$ 579,262,498
(2) Employer proportion (FNP %)**	0.08485%
(3) Proportionate share of aggregate Employer contribution (1) * (2)	491,504
(4) Actual Contribution for Measurement Period 2018/2019	414,585
(5) Difference (4) - (3)	(76,919)

* Supporting detail on page 18.

** Supporting detail on page 17.



Supporting Calculations

Difference in Actual Contributions and Proportionate Share of Contributions

Calculation at March 31, 2020 financial statement date

	2016 Measurement Date	2017 Measurement Date	2018 Measurement Date	2019 Measurement Date	Total
Balance reported at March 31, 2019	(18,779)	(43,572)	(64,158)	(76,919) *	(203,428)
Remaining Amortization Years	0.7 years	1.8 years	2.8 years	3.8 years	
Current Year Amortization	18,779	24,206	22,913	20,242	86,140
Balance reported at March 31, 2020	-	(19,366)	(41,245)	(56,677)	(117,288)

* Balance at April 1, 2019, after 3/31/19 reporting date.



Supporting Calculations

Recognition Schedule for Deferred Outflows/Inflows at March 31, 2020 Employer-Specific Deferral: Difference Between Actual & Proportionate Share of Employer Contributions

	Initial Recognition Period				Total
	2017	2018	2019	2020	
■ Measurement Period	2015/16	2016/17	2017/18	2018/19	
■ Initial amount	\$ (99,260)	\$ (91,984)	\$ (87,071)	\$ (76,919)	
■ Initial recognition period	3.7 years	3.8 years	3.8 years	3.8 years	
■ Amount recognized in FY pension expense					
● 2017 (3rd prior year)	(26,827)	N/A	N/A	N/A	(26,827)
● 2018 (2nd prior year)	(26,827)	(24,206)	N/A	N/A	(51,033)
● 2019 (Prior year)	(26,827)	(24,206)	(22,913)	N/A	(73,946)
● 2020 (Current year)	(18,779)	(24,206)	(22,913)	(20,242)	(86,140)
● 2020/21	-	(19,366)	(22,913)	(20,242)	(62,521)
● 2021/22	-	-	(18,332)	(20,242)	(38,574)
● 2022/23	-	-	-	(16,193)	(16,193)
● Total	(99,260)	(91,984)	(87,071)	(76,919)	(355,234)
■ Deferred Outflows at FYE 3/31/2020	-	-	-	-	-
■ Deferred Inflows at FYE 3/31/2020	-	(19,366)	(41,245)	(56,677)	(117,288)



Supporting Calculations

Recognition of Deferrals in Future Pension Expense

Measurement Period Ending June 30:	Fiscal Year Ending March 31:	Miscellaneous Risk Pool Amount			Employer Specific Amounts		Total
		Risk Pool Amount*	Applicable Percentage**	District's Proportionate Share	Change in Proportion***	Difference Between Actual and Proportionate Share of Contributions****	
■ 2020	■ 2021	\$294,655,907	0.10834%	\$ 319,224	\$ (7,451)	\$ (62,521)	\$ 249,252
■ 2021	■ 2022	(32,128,597)	0.10834%	(34,807)	4,317	(38,574)	(69,064)
■ 2022	■ 2023	33,156,374	0.10834%	35,921	16,757	(16,193)	36,485
■ 2023	■ 2024	14,147,130	0.10834%	15,327	-	-	15,327
■ 2024	■ 2025	-	0.10834%	-	-	-	-
■ Thereafter	■ Thereafter	-	0.10834%	-	-	-	-

* See page 18.

** See page 22, unrounded allocation factor is used.

*** See page 26.

**** See page 29.



Supporting Calculations

GASB 68 Balance Equation for Pension Expense Calculation

	Fiscal year ending		Change
	3/31/2019	3/31/2020	
■ Measurement date	6/30/2018	6/30/2019	
■ Total pension liability	\$ 15,281,426	\$ 16,200,157	\$ 918,731
■ Fiduciary net position	11,290,547	11,861,765	571,218
■ Net pension liability/(asset)	3,990,879	4,338,392	347,513
■ Deferred inflows of resources	365,451	334,844	(30,607)
■ Deferred (outflows) of resources *	(639,382)	(566,844)	72,538
■ Contributions in the measurement period	-	414,585	414,585
■ Net balance sheet impact	3,716,948	4,520,977	804,029
■ Pension Expense (Income)			804,029

* The deferral for contributions after the measurement date is excluded.



Supporting Calculations

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Journal Entries

Beginning Balances

Following summarizes the beginning balances from the 2018 measurement date *

	<u>Debit</u>	<u>Credit</u>
Differences between expected and actual experience	\$ 153,130	\$ (52,109)
Changes of assumptions	454,994	(111,510)
Net differences between projected and actual earnings on plan investments	19,731	-
Change in employer's proportion	11,527	(75,323)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	<u>(126,509)</u>
Total deferred outflow/inflow	639,382	(365,451)
Pension contributions subsequent to measurement date **	309,911	-
Net Pension Liability	-	(3,990,879)
Net Impact	3,407,037	-
<i>Check</i>	4,356,330	(4,356,330)

* Recorded at 3/31/19 fiscal year end.

** Adjusted from prior year.



Journal Entries

Employer Contributions

Following records the impact of employer contributions, assuming employer contributions were recorded as pension expense when paid.

	<u>Debit</u>	<u>Credit</u>
Net pension liability	\$ 309,911	
Deferred Outflow - FY 2019 contributions		\$ (309,911)
Deferred Outflow - FY 2020 contributions after MD	360,663	
Pension Expense		(360,663)
Net pension liability: Contributions during FY 2020 before MD	104,674	
Pension Expense		(104,674)
<i>Check</i>	775,248	(775,248)



Journal Entries

Summary Journal Entries - Pension Expense

Following records the impact of current year pension expense

	Debit	Credit
Deferred Outflows	\$ 195,312	\$ (267,850)
Deferred Inflows	106,456	(75,849)
Pension Expense (Income)	804,029	-
Net pension liability	-	(762,098)
 <i>Check</i>	 <i>1,105,797</i>	 <i>(1,105,797)</i>

See pages 38 and 37 ("Subtotal" row) for details.



Journal Entries

Ending Balances at March 31, 2020

	Debit	Credit
Differences between expected and actual experience	\$ 301,320	\$ (23,346)
Changes of assumptions	206,875	(73,335)
Net differences between projected and actual earnings on plan investments	-	(75,849)
Change in employer's proportion	58,649	(45,026)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(117,288)
Total deferred outflow/inflow	566,844	(334,844)
Pension contributions subsequent to measurement date	360,663	-
Net Pension Liability (NPL)	-	(4,338,392)
Net Impact	3,745,729	-
 <i>Check</i>	 <i>4,673,236</i>	 <i>(4,673,236)</i>
Total pension expense (income) for FYE 2020	804,029	-



Reconciliation of Deferred Outflows

(Detail for page 35)

Deferred Outflows	Opening Balance Debit	Journal Entry- Debit	Journal Entry - (Credit)	Ending Balance Debit
Differences between actual and expected experience	\$ 153,130	\$ 148,190	\$ -	\$ 301,320
Change in assumptions	454,994	-	(248,119)	206,875
Differences between projected and actual earnings on plan investments	19,731	-	(19,731)	-
<u>Employer Specific</u>				
Change in employer's proportion	11,527	47,122	-	58,649
Differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-
Subtotal	639,382	195,312	(267,850)	566,844
Contributions after the Measurement Date	309,911	360,663	(309,911)	360,663
Total Deferred Outflows	949,293	555,975	(577,761)	927,507

Note "Changes" for Risk Pool deferrals equals total change from prior year to current year. "Changes" for employer-specific deferrals includes recognition of previous deferral or establishment of new deferral.



Reconciliation of Deferred Inflows

(Detail for page 35)

Deferred Inflows	Opening Balance (Credit)	Journal Entry- (Credit)	Journal Entry - Debit	Ending Balance (Credit)
Differences between actual and expected experience	\$ (52,109)	\$ -	\$ 28,763	\$ (23,346)
Change in assumptions	(111,510)	-	38,175	(73,335)
Differences between projected and actual earnings on plan investments	-	(75,849)	-	(75,849)
<u>Employer Specific</u>				
Change in employer's proportion	(75,323)	-	30,297	(45,026)
Differences between the employer's contributions and the employer's proportionate share of contributions	(126,509)	-	9,221	(117,288)
Total Deferred Inflows	(365,451)	(75,849)	106,456	(334,844)

Note "Changes" for Risk Pool deferrals equals total change from prior year to current year. "Changes" for employer-specific deferrals includes recognition of previous deferral or establishment of new deferral.



Reconciliation of Deferred Outflows/(Inflows)

Summary of Balances

	Fiscal year ending	
	3/31/2019	3/31/2020
■ Measurement date	6/30/2018	6/30/2019
■ Total pension liability	\$ (15,281,426)	\$ (16,200,157)
■ Fiduciary net position	11,290,547	11,861,765
■ Net pension (liability)/asset	(3,990,879)	(4,338,392)
■ Deferred (inflows) of resources	(365,451)	(334,844)
■ Deferred outflows of resources	949,293	927,507
■ Net balance sheet impact	(3,407,037)	(3,745,729)

Deferred Outflows includes contributions after the measurement date.





**Santa Cruz Port District
Retiree Healthcare Plan**

March 31, 2020 GASBS 75

Accounting Information

As of Measurement Date March 31, 2019

Based on the April 1, 2019 Actuarial Valuation

Mary Elizabeth Redding, Vice President

Katherine Moore, Associate Actuary

Kelcie Opp, Actuarial Analyst

Kateryna Doroshenko, Actuarial Analyst

Bartel Associates LLC

August 19, 2020

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Applicable Dates

Applicable Dates and Periods

	Fiscal Year Ended March 31, 2020
■ Measurement date	March 31, 2019
■ Measurement period	April 1, 2018 to March 31, 2019
■ Actuarial valuation date	April 1, 2019

Note Disclosures

Plan Information

	Fiscal Year Ended March 31, 2020
■ Plan type	Single Employer
■ OPEB trust	No
■ Special funding situation	No
■ Nonemployer contributing entities	No

Note Disclosures

Covered Participants

At March 31, 2019, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
■ Inactives currently receiving benefits	2
■ Inactives entitled to but not yet receiving benefits	-
■ Active employees	38
■ Total	40

Note Disclosures

Total OPEB Liability

	Fiscal Year Ended	
	3/31/19	3/31/20
	Measurement Date 3/31/18	Measurement Date 3/31/19
■ Total OPEB Liability (TOL)	\$ 484,557	\$ 483,228

Note Disclosures

Changes in Total OPEB Liability

	Total OPEB Liability
■ Balance at 3/31/19 (3/31/18 measurement date)	\$ 484,557
■ Changes for the year	
● Service Cost	54,348
● Interest	20,887
● Changes of benefit terms	-
● Actual vs. expected experience	(78,459)
● Assumption changes	5,778
● Benefit payments*	(3,883)
■ Net Changes	(1,329)
■ Balance at 3/31/20 (3/31/19 measurement date)	\$ 483,228

* See the measurement period column on page 16 for details.



Note Disclosures

Sensitivity of Total OPEB Liability

■ **Changes in the Discount Rate**

	Discount Rate		
	1% Decrease (2.79%)	Current Rate (3.79%)	1% Increase (4.79%)
■ Total OPEB Liability	\$ 579,589	\$ 483,228	\$ 407,641

■ **Changes in the Healthcare Trend Rate**

	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
■ Total OPEB Liability	\$ 396,879	\$ 483,228	\$ 597,621



Note Disclosures

OPEB Expense for Fiscal Year

	2019/20
	Measurement Period 2018/19
■ OPEB Expense*	\$ 67,976

* See page 21 for OPEB expense detail, which is not required disclosure.



Note Disclosures

Deferred Outflows/Inflows Balances at March 31, 2020

	March 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
■ Differences between expected and actual experience	\$ -	\$ 70,915
■ Changes in assumptions	5,222	2,163
■ Employer contributions made subsequent to the measurement date*	5,575	-
■ Total	10,797	73,078

* See page 16 for details.



Note Disclosures

**Recognition of Deferred Outflows and Inflows of Resources
in Future OPEB Expense**

FYE March 31	Deferred Outflows/(Inflows) of Resources
■ 2021	\$ (7,259)
■ 2022	(7,259)
■ 2023	(7,259)
■ 2024	(7,259)
■ 2025	(7,259)
■ Thereafter	(31,561)

Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	March 31, 2019 Measurement Date
■ Actuarial Valuation Date	■ April 1, 2019
■ Contribution Policy	■ No pre-funding
■ Discount Rate	■ 3.79% at March 31, 2019 (Bond Buyer 20-Bond Index) ■ 3.89% at March 31, 2018 (Bond Buyer 20-Bond Index)
■ General Inflation	■ 2.75% annually
■ Mortality, Retirement, Disability, Termination	■ CalPERS 1997-2015 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Mortality Improvement Society of Actuaries Scale MP-2019

Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	March 31, 2019 Measurement Date
■ Salary Increases	<ul style="list-style-type: none"> ■ Aggregate - 3% annually ■ Merit - CalPERS 1997-2015 Experience Study
■ Medical Trend	<ul style="list-style-type: none"> ■ 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% in 2076
■ PEMHCA Minimum Increase	■ 4.25% annually
■ Healthcare Participation at Retirement	<ul style="list-style-type: none"> ■ Actives: 30% initially, increasing to 50% in 2034 ■ Retirees: 100% (all retirees in data have elected medical coverage)

Note Disclosures

Changes Since March 31, 2018 Measurement Date

Actuarial Assumption	March 31, 2019 Measurement Date
■ Changes of assumptions	<ul style="list-style-type: none"> ■ Discount rate was updated based on municipal bond rate as of the measurement date ■ Demographic assumptions were updated to CalPERS 1997-2015 Experience Study ■ Mortality improvement scale was updated to Scale MP-2019
■ Changes of benefit terms	■ None

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

	2019/20
	Measurement Period 2018/19
■ Changes in Total OPEB Liability	
● Service Cost	\$ 54,348
● Interest	20,887
● Changes of benefit terms	-
● Actual vs. expected experience	(78,459)
● Assumption changes	5,778
● Benefit payments	(3,883)
■ Net Changes	(1,329)
■ Total OPEB Liability (beginning of year)	484,557
■ Total OPEB Liability (end of year)	483,228



Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

	2019/20
■ Total OPEB Liability	\$ 483,228
■ Covered employee payroll*	2,411,907
■ Total OPEB Liability as a percentage of covered employee payroll	20.0%

* For the 12-month period ended on March 31, 2019 (Measurement Date).
As reported by the District.



Actuarial Certification

This report presents Santa Cruz Port District Retiree Healthcare Plan 2019/20 disclosure under Governmental Accounting Standards Board Statement No. 75 (GASBS 75). The Journal Entries in this report are provided for the District's convenience and are not an actuarial communication and this actuarial certification does not apply to them.

The report provides information intended for reporting under GASBS 75, but may not be appropriate for other purposes. Information provided in this report may be useful to the District for the Plan's financial management. The total OPEB liability has been calculated from the April 1, 2019 actuarial valuation. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The April 1, 2019 valuation is based on Plan provisions and participant data provided by the District, which we relied on and did not audit. We reviewed the census data for reasonableness. As the actuary, Bartel Associates has recommended the assumptions used in this report, and we believe they are reasonable.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASBS 75. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

Mary Elizabeth Redding

Mary Elizabeth Redding, FSA, EA, FCA, MAAA
Vice President
Bartel Associates, LLC
August 19, 2020

Katherine Moore

Katherine Moore, ASA, MAAA
Associate Actuary
Bartel Associates, LLC
August 19, 2020

Supporting Calculations

Employer Contributions

	Measurement Period	Measurement Date to FYE	Prior Measurement Date to Prior FYE
	4/1/18 to 3/31/19	4/1/19 to 3/31/20	Same as Measurement Period
■ Cash benefit payments	\$ 683	\$ 753	\$ 683
■ Implied subsidy benefit payments	3,200	4,785	3,200
■ Total benefit payments	3,883	5,538	3,883
■ Administrative expenses	-	37	-
■ Total employer contributions	3,883	5,575	3,883

Measurement period (4/1/18 to 3/31/19): \$3,883

Fiscal year (4/1/19 to 3/31/20): \$5,575

Supporting Calculations

Average of the Expected Remaining Service Lives*

As of April 1, 2018 (beginning of the measurement period):

	2019/20
	Measurement Period 2018/19
■ Total expected remaining service lives**	391 years
■ Covered participants**	38
■ Average of the expected remaining service lives (not less than 1 year)	10.4 years

* Estimated from the average of the June 30, 2017 and June 30, 2019 actuarial valuation amounts.

** Participants with no liability excluded for the purpose of calculating the average.

Supporting Calculations

Recognition of Deferred Outflows/Inflows at March 31, 2020

Differences between Expected and Actual Experience

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances March 31, 2020		
			19/20	20/21	21/22	22/23	23/24	24/25	25/26+	Outflows	(Inflows)	
18/19	-	-	-	-	-	-	-	-	-	-	-	
19/20	(78,459)	10.4	(7,544)	(7,544)	(7,544)	(7,544)	(7,544)	(7,544)	(7,544)	(33,195)	-	(70,915)
Total			(7,544)	(7,544)	(7,544)	(7,544)	(7,544)	(7,544)	(7,544)	(33,195)	-	(70,915)

Supporting Calculations

Recognition of Deferred Outflows/Inflows at March 31, 2020
Changes of Assumptions

Fiscal Year	Initial Amt	Initial Recog Period	Amount Recognized in OPEB Expense for FY							Deferred Balances March 31, 2020	
			19/20	20/21	21/22	22/23	23/24	24/25	25/26+	Outflows	(Inflows)
18/19	(2,705)	10.0	(271)	(271)	(271)	(271)	(271)	(271)	(808)	-	(2,163)
19/20	5,778	10.4	556	556	556	556	556	556	2,442	5,222	-
Total			285	285	285	285	285	285	1,634	5,222	(2,163)

Supporting Calculations

Recognition of Deferred Outflows/Inflows in Future OPEB Expense

	20/21	21/22	22/23	23/24	24/25	Thereafter 25/26+
■ Differences between Expected and Actual Experience	\$ (7,544)	\$ (7,544)	\$ (7,544)	\$ (7,544)	\$ (7,544)	\$ (33,195)
■ Changes of Assumptions	285	285	285	285	285	1,634
■ Total	(7,259)	(7,259)	(7,259)	(7,259)	(7,259)	(31,561)

Supporting Calculations

Components of GASBS 75 OPEB Expense

	2019/20
	Measurement Period 2018/19
■ Service Cost	\$ 54,348
■ Interest on Total OPEB Liability	20,887
■ Administrative expense	-
■ Changes of benefit terms	-
■ Recognition of deferred outflows/(inflows)	
● Experience	(7,544)
● Assumptions	285
■ OPEB Expense	<u>67,976</u>

Supporting Calculations

Components of GASBS 75 OPEB Expense
Calculation of Interest on Total OPEB Liability

	Dollar Amount	Discount Rate	Portion of Year	Interest
■ Total OPEB Liability	\$ 484,557	3.89%	100%	\$ 18,849
■ Service Cost	54,348	3.89%	100%	2,114
■ Changes of benefit terms	-	3.89%	0%	-
■ Experience*	(78,459)	3.89%	0%	-
■ Assumption changes*	5,778	3.89%	0%	-
■ Benefit payments	(3,883)	3.89%	50%	(76)
■ Total interest				<u>20,887</u>

* Liability determined as of the end of the measurement period, so no interest charge is applicable.

Supporting Calculations

GASBS 75 Balance Equation

	Fiscal Year Ended	
	3/31/19	3/31/20
	Measurement Date 3/31/18	Measurement Date 3/31/19
■ Total OPEB Liability	\$ 484,557	\$ 483,228
■ Fiduciary Net Position	-	-
■ Net OPEB Liability	484,557	483,228
■ Deferred inflows of resources	2,434	73,078
■ Deferred (outflows) of resources	-	(5,222)
■ Balance Sheet	486,991	551,084

Check:

■ Balance Sheet 3/31/19	\$ 486,991
● OPEB Expense	67,976
● Employer Contributions*	(3,883)
■ Balance Sheet 3/31/20	551,084

* See the measurement period column on page 16 for details.

Supporting Calculations

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Journal Entries

Employer Contributions

The entries below assume cash benefit payments, Trust contributions, and administrative expenses have been charged to OPEB Expense when paid, and that no accounting entries have been made for the current year implied subsidy payment, which is recorded as a reduction to active employee health care costs. See page 16 for details.

Following records the impact of employer contributions as deferred outflows of resources and as a reduction to Net OPEB Liability.

	Debit	(Credit)
■ Net OPEB Liability - (for Contributions paid 4/1/18 to 3/31/19)	\$ 3,883	\$ -
■ OPEB Expense - (for admin fees paid 4/1/18 to 3/31/19)	-	-
■ Deferred Outflow - 4/1/18 to 3/31/19 contributions	-	(3,883)
■ Deferred Outflow - 4/1/19 to 3/31/20 contributions	5,575	-
■ Active employee health care costs - (implied subsidy payments 4/1/19 to 3/31/20)	-	(4,785)
■ OPEB Expense - (for contributions paid 4/1/19 to 3/31/20)	-	(790)



Check

August 19, 2020

25

9,458

(9,458)

Santa Cruz Port District

Journal Entries

Summary Journal Entries - OPEB Expense

Following records the impact of current year OPEB expense

	Debit	(Credit)
■ Deferred Outflows*	\$ 5,222	\$ -
■ Deferred Inflows**	271	(70,915)
■ OPEB Expense/Credit	67,976	-
■ Net OPEB Liability/Asset	-	(2,554)

Check

73,469

(73,469)

* See page 28 ('Subtotal' row) for details.

** See page 29 for details.



August 19, 2020

26

Santa Cruz Port District

Journal Entries

Ending Balances at March 31, 2020

	Debit	(Credit)
■ Deferral: Differences between expected and actual experience	\$ -	\$ (70,915)
■ Deferral: Changes of assumptions	5,222	(2,163)
■ Total deferred outflow/inflow	5,222	(73,078)
■ Net OPEB Liability (NOL)	-	(483,228)
■ Contributions after the Measurement Date	5,575	-
■ Net Impact	545,509	-

Check: 556,306 (556,306)

■ Total OPEB expense/(income) for FYE 2020	67,976	-
--	--------	---

Journal Entries

Reconciliation of Deferred Outflows

Detail for page 26

Deferred Outflows	Opening Balance - Debit	Journal Entry - Debit	Journal Entry - (Credit)	Ending Balance - Debit
■ Differences between actual and expected experience	\$ -	\$ -	\$ -	\$ -
■ Change in assumptions	-	5,222	-	5,222
■ Subtotal - actuarial deferrals	-	5,222	-	5,222
■ Contributions after the Measurement Date	3,883	5,575	(3,883)	5,575
■ Total Deferred Outflows	3,883	10,797	(3,883)	10,797

Journal Entries

Reconciliation of Deferred Inflows

Detail for page 26

Deferred Inflows	Opening Balance - (Credit)	Journal Entry - (Credit)	Journal Entry - Debit	Ending Balance - (Credit)
■ Differences between actual and expected experience	\$ -	\$ (70,915)	\$ -	\$ (70,915)
■ Change in assumptions	(2,434)	-	271	(2,163)
■ Total Deferred (Inflows)	(2,434)	(70,915)	271	(73,078)



Journal Entries

Reconciliation of Deferred Outflows/(Inflows)

Summary of Balances

	Fiscal Year Ended	
	3/31/19	3/31/20
	Measurement Date 3/31/18	Measurement Date 3/31/19
■ Total OPEB (Liability)	\$ (484,557)	\$ (483,228)
■ Fiduciary Net Position	-	-
■ Net OPEB (Liability)/Asset	(484,557)	(483,228)
■ Deferred (inflows) of resources	(2,434)	(73,078)
■ Deferred outflows of resources	3,883	10,797
■ Balance Sheet Impact	(483,108)	(545,509)

Deferred Outflows include contributions after the measurement date.



Plan Summary

<ul style="list-style-type: none"> ■ Eligibility 	<ul style="list-style-type: none"> ■ Retire directly from the District under CalPERS (age 50 with 5 years of service¹, or disability retirement) ■ This valuation assumes all groups are eligible for the PEMHCA benefit 																								
<ul style="list-style-type: none"> ■ \$2,000 Annual Benefit 	<ul style="list-style-type: none"> ■ One retiree eligible. No actives eligible ■ District will provide the excess of \$2,000 per year over the PEMHCA minimum unequal benefit for retirement at age 60 with 20 years of service, with the benefit stopping at age 65 																								
<ul style="list-style-type: none"> ■ Medical Benefit 	<ul style="list-style-type: none"> ■ District retiree contribution is the PEMHCA minimum determined using the 5% unequal method <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Calendar Year</th> <th style="text-align: center;">PEMHCA Minimum</th> <th style="text-align: center;">Unequal Method Percent</th> <th style="text-align: center;">District Retiree Contribution</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2019</td> <td style="text-align: center;">\$136.00</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">\$ 34.00</td> </tr> <tr> <td style="text-align: center;">2020</td> <td style="text-align: center;">139.00</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">41.70</td> </tr> <tr> <td style="text-align: center;">2021</td> <td style="text-align: center;">143.00</td> <td style="text-align: center;">35%</td> <td style="text-align: center;">50.05</td> </tr> <tr> <td style="text-align: center;">↓</td> <td style="text-align: center;">↓</td> <td style="text-align: center;">↓</td> <td style="text-align: center;">↓</td> </tr> <tr> <td style="text-align: center;">2034</td> <td style="text-align: center;">245.65</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">245.65</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ■ PEMHCA minimum increase determined by CalPERS based on increase in the medical component of CPI-U, assumed to increase at 4.25% per year for the valuation 	Calendar Year	PEMHCA Minimum	Unequal Method Percent	District Retiree Contribution	2019	\$136.00	25%	\$ 34.00	2020	139.00	30%	41.70	2021	143.00	35%	50.05	↓	↓	↓	↓	2034	245.65	100%	245.65
Calendar Year	PEMHCA Minimum	Unequal Method Percent	District Retiree Contribution																						
2019	\$136.00	25%	\$ 34.00																						
2020	139.00	30%	41.70																						
2021	143.00	35%	50.05																						
↓	↓	↓	↓																						
2034	245.65	100%	245.65																						
<ul style="list-style-type: none"> ■ Surviving Spouse Benefit 	<ul style="list-style-type: none"> ■ Available to those with a CalPERS survivor benefit ■ Same benefit continues to surviving spouse ■ PEMHCA benefit only 																								
<ul style="list-style-type: none"> ■ Dental, Vision & Life 	<ul style="list-style-type: none"> ■ None 																								

¹ 52 & 5 years for PEPRAs new hires

Actuarial Valuation Information

Premiums **2020 PEMHCA Monthly Premiums** **Bay Area / Region 1**

Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$ 868.98	\$ 1,737.96	\$ 2,259.35	\$ 388.15	\$ 776.30	\$ 1,164.45
Anthem Traditional	1,184.84	2,369.68	3,080.58	388.15	776.30	1,164.45
Blue Shield Access+	1,127.77	2,255.54	2,932.20	n/a	n/a	n/a
Health Net SmartCare	1,000.52	2,001.04	2,601.35	n/a	n/a	n/a
Kaiser	768.49	1,536.98	1,998.07	339.43	678.86	1,018.29
UnitedHealthcare	899.94	1,799.88	2,339.84	327.03	654.06	981.09
Western Health Advantage	731.96	1,463.92	1,903.10	n/a	n/a	n/a
PERS Choice	861.18	1,722.36	2,239.07	351.39	702.78	1,054.17
PERS Select	520.29	1,040.58	1,352.75	351.39	702.78	1,054.17
PERSCare	1,133.14	2,266.28	2,946.16	384.78	769.56	1,154.34

Actuarial Valuation Information

PEMHCA Sample Claims

<p>■ Medical Claims Costs 2020</p>	<p>■ Sample estimated monthly claims costs</p> <p align="center"><u>Region 1 – Non-Medicare Eligible</u></p>								
		<u>Anthem Select</u>		<u>Anthem Traditional</u>		<u>Blue Shield</u>		<u>Health Net SmartCare</u>	
	<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
	25	\$322	\$564	\$429	\$751	\$375	\$657	\$360	\$631
	35	410	696	547	928	479	812	460	780
	45	586	854	781	1,139	684	997	656	957
	55	973	1,132	1,296	1,511	1,135	1,322	1,089	1,269
	60	1,227	1,287	1,635	1,716	1,431	1,502	1,374	1,442
	64	1,367	1,374	1,822	1,832	1,595	1,604	1,531	1,540

Actuarial Valuation Information

PEMHCA Sample Claims

<p>■ Medical Claims Costs 2020</p>	<p>■ Sample estimated monthly claims costs</p> <p align="center"><u>Region 1 – Non-Medicare Eligible</u></p>						
		<u>Kaiser</u>		<u>PERS Choice</u>		<u>PERSCare</u>	
	<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
	25	\$281	\$492	\$252	\$471	\$326	\$596
	35	358	607	332	592	425	746
	45	512	745	495	738	625	925
	55	849	988	861	1,001	1,072	1,245
	60	1,071	1,122	1,105	1,149	1,369	1,424
	64	1,194	1,198	1,241	1,234	1,533	1,526

Actuarial Valuation Information

Participant Statistics

Statistic	April 1, 2017		April 1, 2019	
	Actives	Retirees	Actives	Retirees
■ Count	33	2	38	2
■ Average Age	43.5	61.6	46.0	63.6
■ Average Retirement Age	n/a	58.7	n/a	58.7
■ Average District Service	7.7	n/a	7.1	n/a
■ Payroll				
● Total	\$ 1,763,159	n/a	n/a	n/a
● Average	\$ 53,429	n/a	n/a	n/a

Actuarial Valuation Information

Active Medical Coverage by Age Group

April 1, 2019

Age	Single	2-Party	Family	Waived	Total
Under 30	4	-	-	1	5
30-34	2	1	-	3	6
35-39	2	1	3	2	8
40-44	1	-	1	1	3
45-49	-	-	-	-	-
50-54	1	1	1	1	4
55-59	-	1	-	-	1
60-64	2	1	1	4	8
65+	-	-	-	3	3
Total	12	5	6	15	38
Average Age	39.7	48.9	45.3	50.2	46.0

Actuarial Valuation Information

Active Medical Coverage

April 1, 2019

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Select	-	-	1	-	1
Anthem Traditional	4	-	-	-	4
Blue Shield	3	-	-	-	3
Health Net	-	-	1	-	1
Kaiser	4	5	4	-	13
PERSCare	1	-	-	-	1
Waived	-	-	-	15	15
Total	12	5	6	15	38

Actuarial Valuation Information

Active Age Service Distribution

April 1, 2019

Age	District Service							Total
	<1	1-4	5-9	10-14	15-19	20-24	25+	
Under 25	-	1	-	-	-	-	-	1
25-29	1	3	-	-	-	-	-	4
30-34	1	4	-	1	-	-	-	6
35-39	1	1	3	2	1	-	-	8
40-44	1	1	-	1	-	-	-	3
45-49	-	-	-	-	-	-	-	-
50-54	-	2	-	-	-	2	-	4
55-59	-	1	-	-	-	-	-	1
60-64	-	4	1	-	-	1	2	8
65+	1	2	-	-	-	-	-	3
Total	5	19	4	4	1	3	2	38

Actuarial Valuation Information

Retiree Medical Coverage by Age Group

April 1, 2019

Age	Single	2-Party	Family	Waived	Total
Under 50	-	-	-	-	-
50-54	-	-	-	-	-
55-59	1	-	-	-	1
60-64	-	-	-	-	-
65-69	-	-	-	-	-
70-74	1	-	-	-	1
75-79	-	-	-	-	-
80-84	-	-	-	-	-
Over 85	-	-	-	-	-
Total	2	-	-	-	2
Average Age	63.6	-	-	-	63.6

Actuarial Valuation Information

Retiree Medical Coverage

April 1, 2019

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Select	1	-	-	-	1
PERS Choice	1	-	-	-	1
Total	2	-	-	-	2

Actuarial Valuation Information

Actuarial Obligations

April 1, 2019

	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits			
● Actives	\$ 673,919	\$ 357,209	\$ 1,031,128
● Retirees	66,791	41,371	108,162
● Total	740,710	398,580	1,139,290
■ Actuarial Accrued Liability			
● Actives	243,462	131,605	\$ 375,067
● Retirees	66,791	41,371	108,162
● Total	310,253	172,976	483,229
■ Service Cost (2019/20)	38,237	15,225	53,462
■ Pay-As-You-Go Cost (projected 2019/20)	885	4,785	5,670

Actuarial Valuation Information

Projected Benefit Payments

April 1, 2019

Fiscal Year Ended	Cash Subsidy	Implied Subsidy	Total
2020	\$ 885	\$ 4,785	\$ 5,670
2021	1,266	7,340	8,606
2022	1,778	9,251	11,029
2023	3,742	11,062	14,804
2024	4,719	10,104	14,823
2025	5,679	10,045	15,724
2026	6,965	12,383	19,348
2027	8,211	15,299	23,510
2028	9,069	9,473	18,542
2029	10,938	12,715	23,653

Actuarial Valuation Information

Additional Actuarial Assumptions

April 1, 2019

	Actuarial Assumption
■ Waived Retiree Re-election	■ None
■ Surviving Spouse Participation	■ 100% if eligible
■ Medicare Eligibility	■ All participants assumed to be Medicare eligible and elect Medicare plans at age 65
■ Medical Plan at Retirement	■ Future Retirees: Based on current plan election. Waived assumed to elect Kaiser ■ Retirees: Same as current election

Actuarial Valuation Information

Additional Actuarial Assumptions

April 1, 2019

	Actuarial Assumption
■ Basis for Assumptions	<ul style="list-style-type: none"> ■ No experience study performed for this Plan ■ CalPERS 1997-2015 experience study was used ■ Mortality improvement is a Society of Actuaries table ■ Inflation based on our estimate for the Plan's long time horizon ■ Short-term healthcare trend was developed in consultation with Axene Health Partners' healthcare actuaries. Long-term healthcare trend developed using Society of Actuaries' Getzen Model of Long-Run Medical Cost Trends ■ Age-based claims costs were developed by Axene Health Partners based on demographic data for the CalPERS health plans provided by CalPERS and Axene's proprietary AHP Cost Model ■ Medical coverage and participation based in part on Plan experience

Santa Cruz Port District
Accounts Payable Monthly Check Register
August 2020

Date	No.	Vendor	Description	Amount
8/7/2020	53745	Ace Portable Services	Boatyard Hand Washing Station, Portable Toilet Rental	\$ 1,310.19
8/7/2020	53746	American Textile & Supply, Inc.	Hazmat Supplies	\$ 3,282.69
8/7/2020	53747	AmeriDyn	Dynamics Support	\$ 27.00
8/7/2020	53748	Amerigas	Ancillary Equipment Fuel	\$ 378.53
8/7/2020	53749	AT&T Mobility	Tablet Service	\$ 231.38
8/7/2020	53750	Bartel Associates, LLC	Pension & Other Post Employment Benefit Actuarial Services	\$ 1,797.50
8/7/2020	53751	Bay Building Janitorial, Inc.	COVID-19 Sanitation Services, Janitorial Services	\$ 11,292.00
8/7/2020	53752	Bay Plumbing Supply, Inc.	Shower Head, Faucet Valves	\$ 103.42
8/7/2020	53753	Bayside Oil II, Inc.	Waste Oil Disposal	\$ 477.00
8/7/2020	53754	Big Creek	Concrete for Sign Installation, Drywall Screws, Launch Ramp Chocks, Boatyard Marine Ways Lumber, Paint Supplies	\$ 659.27
8/7/2020	53755	Blueprint Express of Santa Cruz	Copies of Project Plans	\$ 205.72
8/7/2020	53756	Bow Wow Pet Waste Products	Pet Waste Station Bags	\$ 282.88
8/7/2020	53757	Burke, Williams & Sorensen, LLP	Legal Consultation - Labor Negotiations	\$ 747.50
8/7/2020	53758	Byte Technology	Website Maintenance & Customization	\$ 546.75
8/7/2020	53759	Citi Cards	Breakroom Supplies	\$ 601.27
8/7/2020	53760	Comcast	Business Internet	\$ 155.06
8/7/2020	53761	County of Santa Cruz Department of Public Works	7th & Brommer Lot (July - August)	\$ 2,400.00
8/7/2020	53762	Elevator Service Company	Monthly Elevator Service (223.60 Tenant Reimbursable)	\$ 430.00
8/7/2020	53763	Environmental Logistics	Hazmat Disposal	\$ 2,688.50
8/7/2020	53764	Ewing Irrigation Products, Inc.	Irrigation Supplies, Pipe Fittings, Primer	\$ 120.30
8/7/2020	53765	Flyers Energy, LLC	Ancillary Equipment Fuel	\$ 460.22
8/7/2020	53766	Grainger	Dock Gate Closers, Batteries	\$ 512.73
8/7/2020	53767	Granite Construction Company	Aldo's Seawall Replacement Project - Final Payment	\$ 83,925.97
8/7/2020	53768	Gsolutionz	Telephone System Maintenance	\$ 199.99
8/7/2020	53769	Hartford Fire Insurance Company	Flood Insurance	\$ 2,744.00
8/7/2020	53770	HD Supply Facilities Maintenance, LTD	Flush Valves	\$ 308.03
8/7/2020	53771	Henderson Marine Supply, Inc.	Dredge Buoy Paint	\$ 602.62
8/7/2020	53772	Horizon Water and Environment, LLC	Consulting Services - Regional General Permit Application	\$ 3,757.40
8/7/2020	53773	Jorgensen, Siegel, McClure & Flegel, LLP	Legal Consultation	\$ 1,031.25
8/7/2020	53774	Kelly-Moore Paint Company, Inc.	Traffic Marking Paint, 345 Lake Avenue Paint	\$ 66.30
8/7/2020	53775	King's Paint & Paper, Inc.	Traffic Marking Paint	\$ 142.30
8/7/2020	53776	Matheson Tri-Gas, Inc.	Welding Gas	\$ 604.50
8/7/2020	53777	McDermott, Dick	Parking Space Rental - 497 Lake Avenue (July - August)	\$ 300.00
8/7/2020	53778	Mid County Auto Supply	Hand Cleaner, Antifreeze, Silicone Sealant	\$ 102.40
8/7/2020	53779	Mission Uniform Service	Uniform Service	\$ 1,090.36

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Date	No.	Vendor	Description	Amount
8/7/2020	53780	Nicholas Henning	Refuse Collection	\$ 3,680.00
8/7/2020	53781	Pete's Outflow Technicians, LLC	Lift Station Pumpout	\$ 535.00
8/7/2020	53782	Employee #1904	8/1/20-8/15/20 Payroll Check	\$ 890.82
8/7/2020	53783	Praxair Distribution Inc.	Welding Gas	\$ 176.90
8/7/2020	53784	Red Wing Shoe Store	Work Boots for Dredge Staff	\$ 230.50
8/7/2020	53785	Riverside Lighting & Electric	LED Lights, 30 Amp Breaker	\$ 76.96
8/7/2020	53786	San Lorenzo	Boatyard Marine Ways Nails, Replacement Drill Cord	\$ 290.79
8/7/2020	53787	SC Fuels	Fuel Dock Gas & Diesel	\$ 17,230.71
8/7/2020	53788	Santa Cruz Municipal Utilities	Utilities	\$ 3,341.87
8/7/2020	53789	Employee #264	6/16/20-7/15/20 Payroll	\$ 73.30
8/7/2020	53790	The Home Depot Pro Institutional	Sanitizing Wipes, Janitorial Supplies, Trash Bags	\$ 4,086.64
8/7/2020	53791	Trionic Corp.	Dock Boxes for Resale	\$ 3,240.00
8/7/2020	53792	Uline	Beach Trash Cans	\$ 1,410.06
8/7/2020	53793	U.S. Bank Equipment Finance	Copier Lease	\$ 314.51
8/7/2020	53794	Valley Automatic Gate	Parking Lot Gate Arms	\$ 1,693.38
8/7/2020	53795	Valley Power Systems North, Inc.	Twin Lakes Generator Repairs	\$ 6,631.60
8/7/2020	53796	Verizon Wireless	Cell Phone & Tablet Service	\$ 315.14
8/7/2020	53797	Mark Larsen	Window Cleaning	\$ 28.00
8/7/2020	53798	West Marine Pro	Dredge Paint	\$ 159.46
8/7/2020	53799	Mellon, Mike	Key Deposit Refund	\$ 40.00
8/7/2020	53800	County of Santa Cruz Department of Public Works	Hazmat Disposal	\$ 25.00
8/11/2020	53801	Economy Auto Sales	2013 Ford F-250 - Dredge Operations	\$ 26,000.00
8/21/2020	53802	Access Compliance Services	Consulting Services - ADA Accessibility	\$ 180.00
8/21/2020	53803	Ace Portable Services	Concession Lot Portable Toilet Rental, Boatyard Hand Washing Station	\$ 7,428.90
8/21/2020	53804	Amerigas	Ancillary Equipment Fuel	\$ 133.67
8/21/2020	53805	A Sign ASAP!	Signage	\$ 301.82
8/21/2020	53806	AT&T	Telephone	\$ 746.43
8/21/2020	53807	Atchison Barisone Condotti & Kovacevich	Legal Consultation	\$ 193.50
8/21/2020	53808	CIT	Telephone System Lease	\$ 323.09
8/21/2020	53809	Bartlett, Richard	Security Deposit Refund	\$ 560.40
8/21/2020	53810	Bay Building Janitorial, Inc.	COVID-19 Sanitation, Janitorial Services	\$ 11,492.00
8/21/2020	53811	Bay Plumbing Supply, Inc.	Galvanized Pipe Fittings, Brake Line Cutter, Metering Valve, Toilet Handle, End Caps, Toilet, Faucet Replacement, Gas Torch & Cylinder, Ring Flanges	\$ 773.50
8/21/2020	53812	Big Creek	Power Auger Bit, Nails, Bolts, Nuts, Washers, Concrete for Signage, Plywood Sheeting, Paint Pail, Drywall Compound, Corner Bead, Drywall Mud & Tape, Dredge Truck Bed Repair Hardware, 333 Lake Avenue Lumber	\$ 913.45
8/21/2020	53813	Blueprint Express of Santa Cruz	Copies of Project Plans	\$ 53.07

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Date	No.	Vendor	Description	Amount
8/21/2020	53814	Blue Tarp Financial, Inc.	Fuel Transfer Pump	\$ 236.48
8/21/2020	53815	Brass Key Locksmith, Inc.	Key Blanks	\$ 45.88
8/21/2020	53816	Burke, Williams & Sorensen, LLP	Legal Consultation	\$ 2,707.50
8/21/2020	53817	Cale America, Inc.	CALE Receipt Paper	\$ 1,232.62
8/21/2020	53818	Carpi & Clay	Washington Representation	\$ 800.00
8/21/2020	53819	Central Coast Systems	Quarterly Alarm Monitoring - 2222 East Cliff Drive & 425 Brommer Street	\$ 210.00
8/21/2020	53820	Central Home Supply	Cement	\$ 26.22
	53821	VOID		
8/21/2020	53822	Comcast	Business Cable & Internet	\$ 335.54
8/21/2020	53823	Complete Mailing Service	Statement Mailing & Postage	\$ 544.64
8/21/2020	53824	Computer Technical Specialists, Inc.	Tech Support (Mar - July)	\$ 2,912.40
8/21/2020	53825	Contreras, Anthony	Security Deposit Refund	\$ 102.81
8/21/2020	53826	Crystal Springs Water Co.	Boatyard Drinking Water	\$ 54.00
8/21/2020	53827	Dredging Supply Company, Inc.	<i>Twin Lakes</i> Paint	\$ 871.56
8/21/2020	53828	Dudi, Abhijeet	Security Deposit Refund	\$ 101.17
8/21/2020	53829	Duggan, Jim	Credit Balance Refund	\$ 536.79
8/21/2020	53830	Elevator Service Company	Monthly Elevator Service (\$223.60 Tenant Reimbursable)	\$ 430.00
8/21/2020	53831	ERIKS North America, Inc.	<i>Squirt</i> Suction Hose	\$ 4,923.34
8/21/2020	53832	Ewing Irrigation Products, Inc.	Drip Lines, PVC Repair Supplies	\$ 151.52
8/21/2020	53833	Fastenal Company	Concession Lot Restroom Hardware, Silicone Sealant, Screws, Wire Wheels, Hex Nuts, Cut-Off Wheels	\$ 1,513.28
8/21/2020	53834	FedEx Office	Shipping	\$ 30.45
8/21/2020	53835	Ferguson Enterprises, Inc.	Gaskets, Nuts, Washers, Plumbing Supplies, Faucet Fittings, Straps, Bolts, Plugs, Pipe Cutter, Screws	\$ 1,054.23
8/21/2020	53836	Flo-Line Technology, Inc.	<i>Squirt</i> Spare Pump Parts	\$ 16,325.61
8/21/2020	53837	Foote, Duane	Credit Balance Refund	\$ 65.00
8/21/2020	53838	Garda CL West, Inc.	Deposit Courier Service	\$ 279.57
8/21/2020	53839	Grainger	Castle Nuts, Caution Tape	\$ 251.88
8/21/2020	53840	Hagler Systems	Fastener Kit - Booster Pump	\$ 648.59
8/21/2020	53841	Hoffseth, Mark	Security Deposit Refund	\$ 326.70
8/21/2020	53842	Hose Shop	<i>Twin Lakes</i> Fittings	\$ 559.95
8/21/2020	53843	Jarvis, Christie	Security Deposit Refund	\$ 296.50
8/21/2020	53844	Kaneg, Alan	Security Deposit Refund	\$ 169.00
8/21/2020	53845	Kelly-Moore Paint Company, Inc.	Concession Lot Restroom Paint, 333 Lake Avenue Paint, Buoy Primer & Paint, Winch Paint	\$ 3,034.11
8/21/2020	53846	Kevin Melrose	Expense Reimbursement: Boatyard Staff Work Boots	\$ 139.99
8/21/2020	53847	King's Paint & Paper, Inc.	Parking Lot Striping Paint	\$ 168.46
8/21/2020	53848	Kiyama, Terry	Security Deposit Refund	\$ 550.89

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Date	No.	Vendor	Description	Amount
8/21/2020	53849	Lawson	<i>Twin Lakes</i> Hardware, Equipment O-Rings, Drill Bits	\$ 1,291.34
8/21/2020	53850	Lighthouse Welding	<i>Twin Lakes</i> Christmas Tree Repair	\$ 1,640.00
8/21/2020	53851	Loitz, Greg	Security Deposit Refund	\$ 226.82
8/21/2020	53852	Matheson Tri-Gas, Inc.	<i>Dauntless</i> Hydraulic Oil	\$ 441.19
8/21/2020	53853	MBS Business Systems	Copier Usage Charges	\$ 346.39
8/21/2020	53854	McMaster-Carr Supply Company	Tamper Resistant Hardware, Welded Steel Pipe Fittings, Tie-Down Cord, Silica Gel for Hydraulic Tanks	\$ 509.94
8/21/2020	53855	Mid County Auto Supply	Parking Cart Repair Parts, Adhesive, Cleaning Brush, Hand Cleaner, Silicone Sealant, <i>Dauntless</i> Engine Oil, <i>Dauntless</i> Hydraulic Oil, Silicone Sealant, Anti-Freeze	\$ 942.25
8/21/2020	53856	Mission Uniform Service	Uniform Service	\$ 309.10
8/21/2020	53857	Moore & Sons Outboard Motors, Inc.	<i>Almar</i> Service	\$ 1,118.53
8/21/2020	53858	Neyhart, Greg	Security Deposit Refund	\$ 289.50
8/21/2020	53859	Operating Engineers Local Union No. 3	Union Dues (Payroll Deduction)	\$ 325.00
8/21/2020	53860	Pacific Crest Engineering, Inc.	Consulting Services - Stormwater Pollution Prevention Plan (SWPPP)	\$ 262.50
8/21/2020	53861	Pacific Gas & Electric Company	Utilities	\$ 12,942.46
8/21/2020	53862	Palace Art & Office Supply	Office Supplies	\$ 379.72
8/21/2020	53863	Peninsula Diesel Inc.	<i>Dauntless</i> Gaskets	\$ 67.93
8/21/2020	53864	Riverside Lighting & Electric	Lighting Cable	\$ 206.32
8/21/2020	53865	Rowe, Chris	Security Deposit Refund	\$ 229.91
8/21/2020	53866	Rowe Machinery	<i>Twin Lakes</i> Christmas Tree Machining	\$ 125.00
8/21/2020	53867	San Lorenzo	Rivets, Fuel Dock Lumber, Tool Replacement Handle & Cord, Drywall Mud, Bucket, Mixer, Caulking	\$ 156.90
8/21/2020	53868	Santa Cruz Fire Equipment Company	Hazmat Shed Inspection	\$ 169.62
8/21/2020	53869	SC Fuels	Fuel Dock Gas & Diesel	\$ 35,338.41
8/21/2020	53870	Santa Cruz Municipal Utilities	Utilities	\$ 7,304.11
8/21/2020	53871	Sheckler, Brian	Security Deposit Refund	\$ 120.92
8/21/2020	53872	Southland Printing	Concession Lot Parking Machine Tickets	\$ 982.30
8/21/2020	53873	Stone, Paul	Security Deposit Refund	\$ 55.43
8/21/2020	53874	Svendsen's Boat Works	Epoxy Primer	\$ 122.65
8/21/2020	53875	The Home Depot Pro Institutional	Janitorial Supplies	\$ 2,261.29
8/21/2020	53876	Triton Construction	Quarterly Fuel Operator Services	\$ 300.00
8/21/2020	53877	United States Coast Guard	<i>Twin Lakes</i> Coastwise Endorsement Fee for Documentation	\$ 29.00
8/21/2020	53878	US Relay	Webcam Service	\$ 484.00
8/21/2020	53879	Mark Larsen	Window Cleaning	\$ 30.00
8/21/2020	53880	Weber, Michael	Security Deposit Refund	\$ 302.75
8/21/2020	53881	Wendy L. Cumming	CPA Services - Audit Prep Review	\$ 217.50
8/21/2020	53882	West Coast Wire Rope	<i>Twin Lakes</i> Swing Sheaves, <i>Dauntless</i> Stays	\$ 5,848.10

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Date	No.	Vendor	Description	Amount
8/21/2020	53883	Western Design Gallery of Tile & Stone	413 Lake Avenue Flooring Deposit	\$ 3,964.00
8/21/2020	53884	West Marine Pro	Antifouling Paint, <i>Dauntless</i> Anodes, <i>Twin Lakes</i> Anodes	\$ 2,170.58
8/21/2020	53885	Zee Medical Service Co.	First Aid Supplies	\$ 222.05
	53886	VOID		
8/21/2020	53887	Computer Technical Specialists, Inc.	Email Scanning & Backup	\$ 731.65
8/21/2020	53888	West Marine Pro	<i>Almar</i> Transducer	\$ 85.00
8/1/2020	EFT	Merchant Services	Online Billpay Credit Card Fees	\$ 266.70
8/1/2020	EFT	Merchant Services	Parking Machine Credit Card Fees	\$ 5,579.26
8/1/2020	EFT	Merchant Services	Boatyard Credit Card Fees	\$ 517.53
8/1/2020	EFT	Gravity Payments	Front Desk Credit Card Fees	\$ 1,979.91
8/1/2020	EFT	ElectronicPayments	Fuel Dock Credit Card Fees	\$ 970.38
8/1/2020	EFT	Transaction Express	Online Billpay ACH Fees	\$ 407.74
8/4/2020	EFT	PAYCHEX	Payroll Service Fees	\$ 435.83
8/4/2020	EFT	PAYCHEX	Time & Attendance Fees	\$ 109.25
8/5/2020	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 7,761.98
8/5/2020	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 6,508.91
8/5/2020	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 537.23
8/5/2020	EFT	PAYCHEX	Payroll Service Fees	\$ 424.78
8/5/2020	EFT	Empower Retirement	457 Contributions (Payroll Deduction)	\$ 2,576.79
8/5/2020	EFT	CalPERS	Health Insurance	\$ 36,104.86
8/7/2020	EFT	Comerica Commercial Card Services	July 4th Employee Appreciation BBQ, Air Compressor, Wire Hooks, Rubber Roofing, Copper Pipe, Triton Board, Concession Lot Restroom Partitions, Concession Lot Restroom Tile, Workplace App Subscription, Trailer Leaf Springs, Handheld Sonar, Patrol Boat Operator Pins, First Aid Supplies, Boatyard Backpack Vacuum, Water Flow Meter, Pressure Washer Hose, Boatyard Retail Items, Bucket Truck Lighting, Anvil, Distilled Water, <i>Twin Lakes</i> Leak Test, Door Vents, Change Machine Parts, Towing Lights, Gate Notice Boxes, Shipping, Airbags, Vinyl Letters, Bearings, Crane School Deposit, Pesticide Seminar, <i>Dauntless</i> Keel Cooler Maintenance, Grout Tool, Toner, 333 Lake Avenue Signage (\$1,425.71 Tenant Reimbursable), Office Space Advertising, Uniform Hats, Display Rack, GoToMeeting Subscription, Meeting Refreshments, Parking Machine Decals	\$ 16,000.48
8/10/2020	EFT	Comerica Bank-Cost Center	Service Charges	\$ 1,800.07
8/10/2020	EFT	Gravity Payments	Front Desk CC Gateway Fee	\$ 17.70
8/20/2020	EFT	Empower Retirement	457 Contributions (Payroll Deduction)	\$ 2,658.45
8/21/2020	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 7,851.81
8/21/2020	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 6,860.98
8/21/2020	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 544.97
8/21/2020	EFT	CalPERS	Unfunded Accrued Liability	\$ 25,304.62

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August 2020

Date	No.	Vendor	Description	Amount
8/21/2020	EFT	CalPERS	Unfunded Accrued Liability	\$ 2,541.93
8/21/2020	EFT	CalPERS	Unfunded Accrued Liability	\$ 524.14
8/30/2020	EFT	Windcave, Inc.	Concession Lot Credit Card Fees	\$ 802.60
8/5/2020	Various	Various Employees	7/16/20-7/31/20 Payroll Checks	\$ 9,353.80
8/5/2020	EFT	PAYCHEX	7/16/20-7/31/20 Payroll Direct Deposits	\$ 58,125.92
8/5/2020	EFT	PAYCHEX	7/16/20-7/31/20 Payroll Taxes	\$ 28,201.61
8/20/2020	Various	Various Employees	8/1/20-8/15/20 Payroll Checks	\$ 8,975.67
8/20/2020	EFT	PAYCHEX	8/1/20-8/15/20 Payroll Direct Deposits	\$ 58,015.79
8/20/2020	EFT	PAYCHEX	8/1/20-8/15/20 Payroll Taxes	\$ 28,362.33
Total August 2020 Disbursements				\$ 661,466.36



TO: Port Commission
FROM: Blake Anderson, Harbormaster
DATE: September 15, 2020
SUBJECT: Harbormaster's Report

De-escalation Training

All sworn deputy harbormaster staff participated in a three-hour virtual training on de-escalation tactics during calls for service. The training focused on the realities of employing de-escalation tactics in dynamic incidents when split-second decisions must be made by officers on-scene. The training also covered suspect behavior indicators and the use of tactical conduct so that violent confrontations can be avoided in the field. All participants received a course completion certificate.

Vessel Disposal

Staff organized the disposal of 9 derelict and abandoned vessels on August 26, 2020. The vessels were demolished at the boatyard by a contractor and hauled to a landfill. The cost of the project was \$7,488.14, which is reimbursable through the Division of Boating and waterways SAVE Grant program.



San Francisco Bay Funeral Procession

Harbor Patrol staff participated in a vessel funeral procession in the San Francisco Bay for a fallen Marin County sergeant. Staff trailered the Scout vessel to Oakland, launched, then made the voyage to the Golden Gate Bridge along with participating agencies from around the state.

Labor Day Beach Closure

Beaches throughout Santa Cruz County and the Monterey Bay were closed over the Labor Day weekend. With temperatures over 100 degrees in the area, many took to the water in boats, paddleboards, and kayaks in-lieu of visiting the beach. On-duty staff reported significant water usage throughout the weekend and remarked that it was the busiest weekend in recent memory. Harbor Patrol staff was busy contacting kayakers and paddleboarders on the water and reminding them to stay to the right side of the channel, keep moving, and not congregate in large groups.



National Oceanic and Atmospheric Administration (NOAA) Meeting

Staff participated in a virtual meeting hosted by NOAA and Sanctuary officials on September 3, 2020. 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, and California State Parks, and others having oversight and enforcement responsibility within the sanctuary. Topics at this meeting included poaching trends, increased instances of wildlife harassment, whale carcass disposal logistics, and abandoned vessels.

BoatUS Training

Staff participated in a training seminar hosted by BoatUS Captain Monte Ash on August 20, 2020. In attendance were California State Parks, Central Fire, Aptos Fire, Santa Cruz City Lifeguards, and Santa Cruz City Fire. The training covered the role of BoatUS during salvage operations; as often times BoatUS is called by local agencies to assist when vessels wash ashore. Ash wanted the opportunity to discuss his role in these incidents so that agencies having jurisdiction gain a comprehensive view and can plan accordingly when salvage is required.

North Harbor Dredging Preparation

Staff has been busy moving vessels in advance of north harbor dredging efforts. Over the weekend of September 12 and 13, 2020, staff was able to relocate 42 vessels from the X and J-Dock area so that crews can work unobstructed. Slip renters were given the option to move their own vessels if preferred, however, most vessels were towed by Harbor Patrol staff to their temporary locations.

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. For other data, the species landed is shown with no weight data.

August 2020 – Total Port Landings (Including Resident Buyer):

Species	Weight (lbs.)	Ex-Vessel (per lbs.)	Approx. Value
Chinook Salmon	1,848.05	\$7.00	\$12,936.35
CA Halibut	7,117.4	\$4.50	\$32,028.30
Vermillion Rockfish	268.20	\$2.00	\$536.40
Lingcod	663.41	\$3.00	\$1,990.23
Total Ex-Vessel:			\$47,491.28

Species also landed* - Albacore Tuna, Rockfish (various species), Pacific Pompano, Petrale Sole, Starry Flounder, Pacific Herring, Pacific Mackerel, Jack Mackerel, Jacksmelt, Queenfish, Sablefish (blackcod), Pacific Halibut, White Croaker

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

August 2020 – Resident Buyer Landings:

Species	Weight (lbs.)	Ex-Vessel (per lbs.)	Approx. Value
Chinook Salmon	914.0	\$7.00	\$6,398.00
CA Halibut	3,622.3	\$4.50	\$16,300.35
Rockfish	561.05	\$2.00	\$1,122.10
Petrable Sole	1.5	\$3.00	\$4.50
Starry Flounder	15.95	\$2.00	\$31.90
Pacific Mackerel	195.87	\$2.00	\$391.74
Lingcod	505.16	\$3.00	\$1,515.48
Total Ex-Vessel:			\$25,764.07

Santa Cruz Port District

Facilities and Engineering Manager's Report

Public Meeting of September 22, 2020

Dredging

Twin Lakes

Crews have completed installing the snorkel, walkways, and Christmas tree on *Twin Lakes*. Work to be completed by November 2, 2020, includes replacement of the Automatic Voltage Regulator (AVR) in the standby generator, troubleshooting the bonding system on the main generator, and repairing the Variable Frequency Drive (VFD) codes. The crew is currently working with Caterpillar, Inc. on the main generator, State Electric for the AVR, and Toshiba for the VFD. We anticipate the repairs to be completed by mid-October.

North Harbor Mobilization

North harbor mobilization has begun. Harbor Patrol moved vessels out of the X/J channel and have brought *Squirt* up to the J-dock end tie. Pipelines were moved to Harbor Beach and the construction of the offshore pipe has begun. North harbor dredging is scheduled to commence on October 1, 2020.

Twin Lakes Move

Due to favorable low tides being either late-night or early-morning, we are still working on determining a date to move *Twin Lakes* to the entrance channel.

Maintenance

Gutters

New gutters were installed on 413 Lake Avenue. The old gutters were rusted through and falling off the building. Staff solicited bids for the project and they all came in extremely high, So maintenance crews decided to complete the project in-house at a fraction of the price.

Grounds

Weeding, pruning, and other grounds work will continue as time allows, until it is complete. Crews will be weeding the northeast harbor hillside for fire prevention.

Yards

The maintenance yard and dredge yard were swept and pressured washed as part of the District's Stormwater Pollution Prevention Plan (SWPPP). Crews will pressure wash both areas one more time before it rains.

Miscellaneous

Marine Ways

An 8"x16" stringer pile on the northern side of the boatyard ways has cracked. Staff met with Moffat & Nichol to inspect the pier and come up with an appropriate fix. Staff has ordered two beams, which should be delivered mid-October.

413 Lake Avenue

Flooring is currently being installed at 413 Lake Avenue, Suite 101/102. The previous flooring was failing and a trip hazard. The carpet was replaced with an engineered wood flooring product that is waterproof and nonskid. Work will be completed by September 22, 2020.

Training

Two dredge crew members attended crane school, and we are awaiting the results.

McElroy training for the fusion machine will be held on September 18, 2020.

Available Spaces and Waiting List Status 2020

Wait Size/Rate Type	Available Spaces														Total Spaces	% Vacant	# on Wait List	Approx. Years Wait	# Waiters vs. Total Slips	Slips Accepted - to 06/30/20	Average Offers per Accept				
	A	B	C	D	E	F	FF	L	M	N	O	P	Q	R								S	T		
SH 2x																	0	5	0%	11	5	220%	0	0	0.0
SH1.7x	1																1	5	20%	2	1	40%	4	1	4.0
SH 60																	0	12	0%	12	12	100%	0	0	0.0
SH 50																	0	32	0%	36	20	113%	0	0	0.0
SH 40																	0	78	0%	80	21	103%	21	3	7.0
SH 30																	0	142	0%	100	15	70%	13	4	3.3
SH 24																	0	78	0%	21	5	27%	10	6	1.7
MULTI																	0	24	0%	13	3	54%	0	0	0.0
SH Total	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	376	0%	275		73%				

Wait Size/Rate Type	Available Spaces										Total Spaces	% Vacant	
	G	H	I	J	U	V	W	X					
NH 45											0	28	0%
NH 40											0	17	0%
NH 35							1				0	34	0%
NH 30			2								2	188	1%
NH 25											0	113	0%
NH 20											0	72	0%
NH Total	0	0	0	2	0	0	0	1	0	0	2	452	0%

*vacant slips are currently out to offer

12	2	43%	17	5	3.4
20	6	118%	4	2	2.0
38	6	112%	9	4	2.3
64	1	34%	41	19	2.2
41	2	36%	13	8	1.6
36	2	50%	19	5	3.8
211		37%			

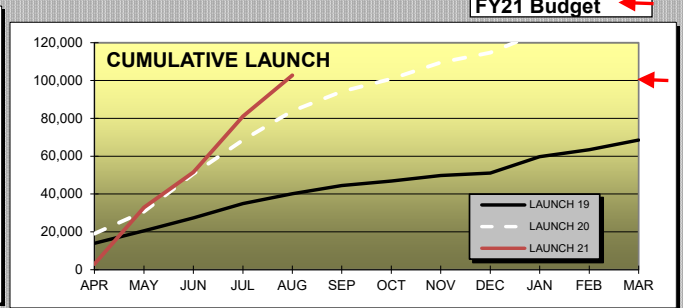
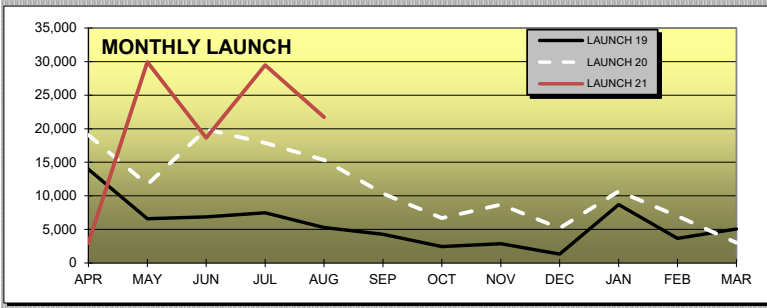
Standby - 629

Total Waitlist -1135

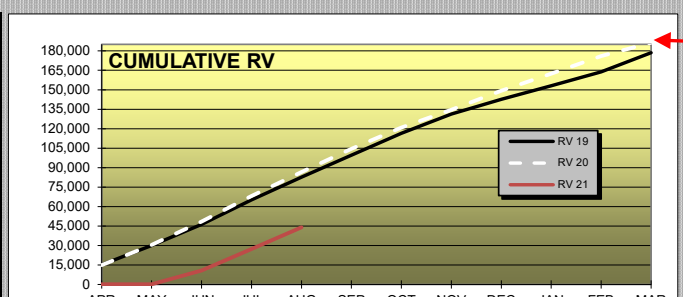
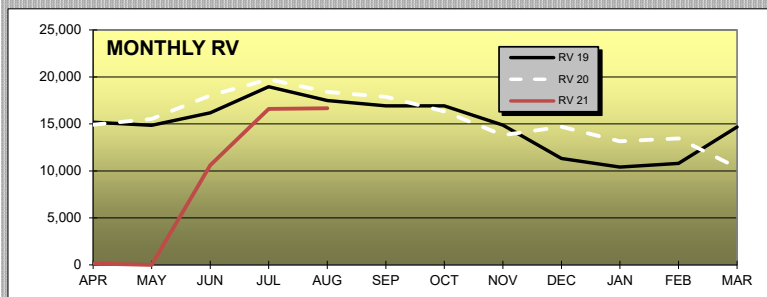
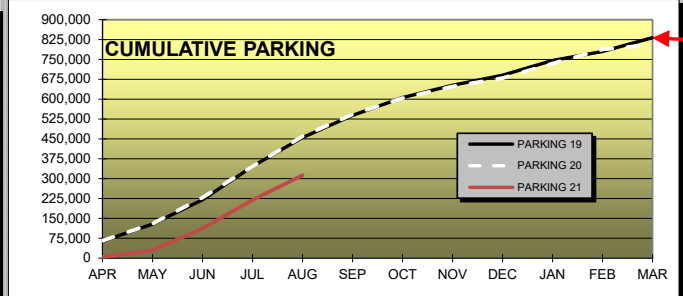
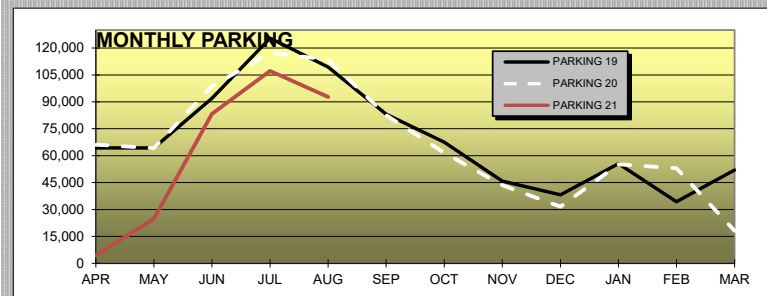
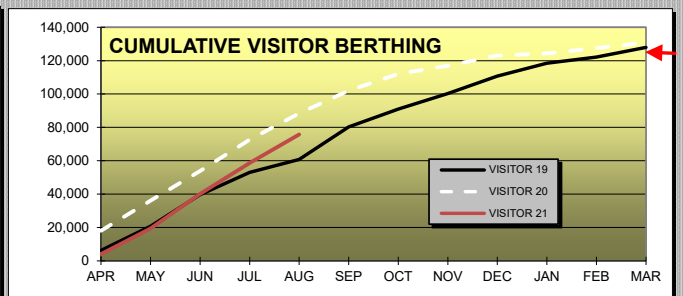
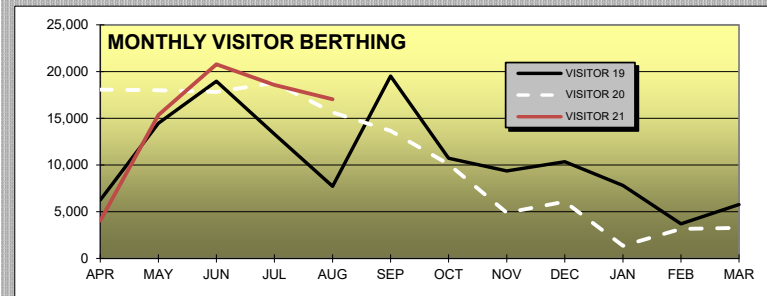
YCDS		0	106	0%
Inside Ties		0	41	0%
Dory Ties		0	69	0%
AA-Dock Racks		0	70	0%
U-Dock Racks		2	30	7%
J-Dock Racks		3	66	5%
Rowing Racks		0	66	0%
7th & Brommer		0	82	0%
NHDS		0	101	0%

20	4	19%
2	0.5	5%
5	0.5	7%
34	2	49%
25	1	83%
30	0	45%
33	2	50%
63	1	35%
71	2	43%

SEASONAL INCOME



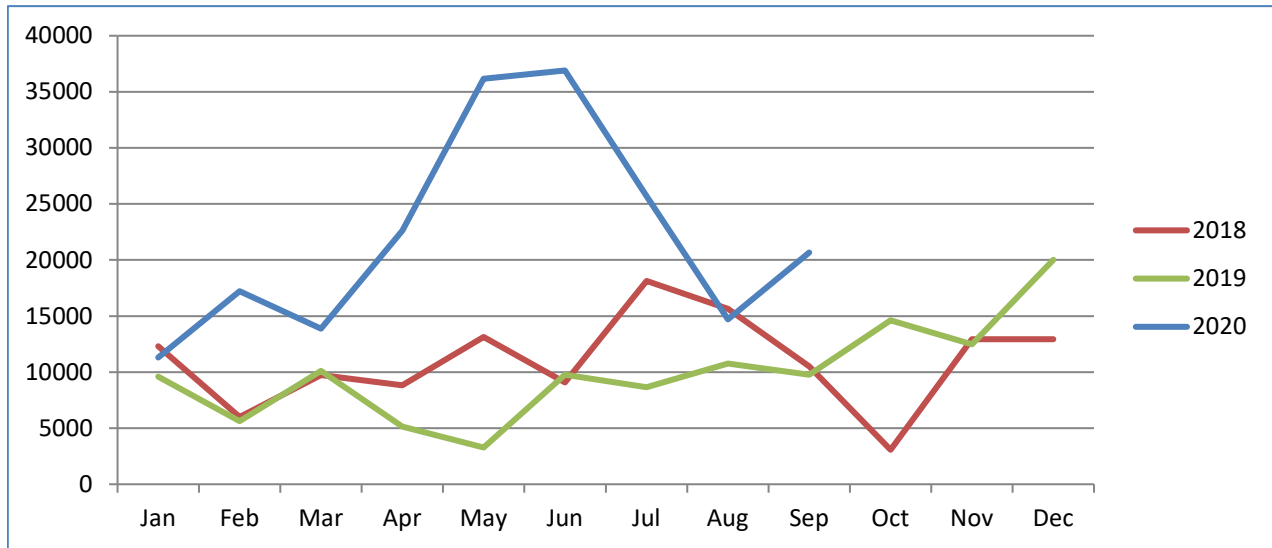
FY21 Budget ←



Santa Cruz Port District
60 DAY DELINQUENT ACCOUNTS

The following accounts have balances 60 days delinquent as of September 14, 2020

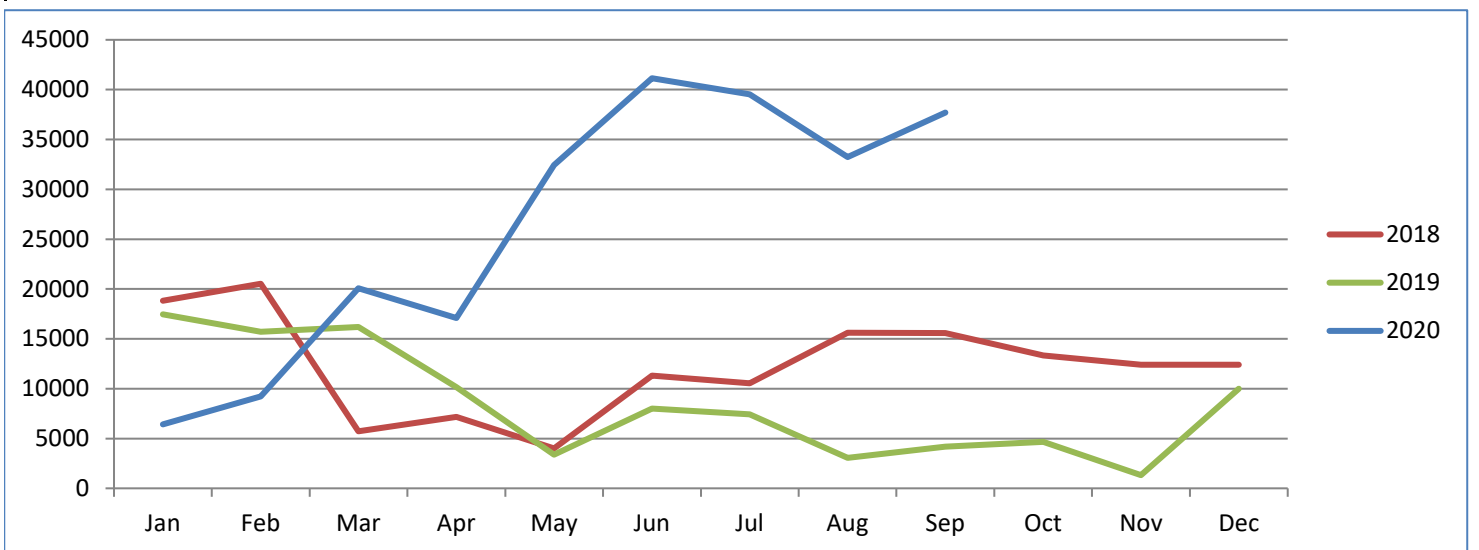
Account Number	Current Month	30 Day Balance	60 Day Balance	90 Day Balance	Total Balance
55526	1,018.79	1,010.64	977.50	0.00	3,006.93
57018	863.99	807.58	460.00	0.00	2,131.57
58005	785.00	816.50	270.38	0.00	1,871.88
3161	525.65	521.55	492.45	0.00	1,539.65
55891	470.19	431.83	436.30	0.00	1,338.32
56494	434.92	431.56	403.20	0.00	1,269.68
41960	514.14	514.14	204.57	0.00	1,232.85
55386	394.29	425.97	371.52	0.00	1,191.78
57644	465.71	480.09	188.11	0.00	1,133.91
58618	497.00	540.54	69.20	0.00	1,106.74
57036	283.28	315.87	288.41	0.00	887.56
47207	294.96	292.75	265.54	0.00	853.25
56903	336.00	336.00	5.04	0.00	677.04
56177	201.44	200.00	173.55	0.00	574.99
48861	268.60	266.59	23.20	0.00	558.39
58174	159.86	158.75	132.65	0.00	451.26
58585	28.18	28.18	381.30	0.00	437.66
58423	91.03	90.49	49.34	0.00	230.86
58247	83.93	83.44	20.47	0.00	187.84
Total:	7,716.96	7,752.47	5,212.73	0.00	20,682.16



Santa Cruz Port District
90+ DAY DELINQUENT ACCOUNTS

The following accounts have balances 90 days delinquent or greater as of September 14, 2020

Account Number	Current Month	30 Day Balance	60 Day Balance	90+ Day Balance	Total Balance	Commercial Slip	Action
4076	1,332.31	1,313.36	1,313.36	2,017.70	5,976.73		Payment Plan
47487	856.11	887.38	831.48	2,508.90	5,083.87		Payment Plan
57413	695.69	695.69	695.69	2,286.40	4,373.47		Payment Plan
57751	86.30	464.13	416.30	2,419.29	3,386.02		Bad Debt
1057	618.22	617.33	537.60	1,365.58	3,138.73	X	Revoke
55293	441.72	406.72	406.72	1,067.56	2,322.72		Payment Plan
48956	416.30	416.30	416.30	623.99	1,872.89		Payment Plan
58191	416.12	447.91	381.30	381.30	1,626.63		Revoke
56511	416.30	416.30	416.30	339.60	1,588.50		Payment Plan
48720	416.30	416.30	436.30	235.65	1,504.55		Payment Plan
55776	396.18	393.16	362.88	270.56	1,422.78		Revoke
56146	31.24	31.24	-	934.95	997.43		Bad Debt
57671	222.95	221.34	193.12	193.12	830.53		Revoke
57328	30.92	-	123.96	647.46	802.34		Bad Debt
58302	96.56	96.04	61.97	346.34	600.91		Revoke
3574	152.05	151.01	123.96	122.56	549.58		Revoke
58547	28.59	28.59	-	431.14	488.32		Bad Debt
56995	151.15	150.12	123.96	15.11	440.34		Revoke
58287	85.21	84.73	58.27	116.54	344.75		Revoke
58500	58.27	58.27	58.27	29.12	203.93		Payment Plan
55153	25.80	25.80	-	96.50	148.10		Bad Debt
TOTAL:	6,974.29	7,321.72	6,957.74	16,449.37	37,703.12		





TO: Port Commission
FROM: Sean Rothwell, Assistant Harbormaster
DATE: September 8, 2020
SUBJECT: Harbor Patrol Incident Response Report – August 2020

Search and Rescue, Patrol Boat Response

- 8-2-20 Harbor Patrol responded to a report of an unattended kayak drifting in the area of West Cliff Drive near John street. Upon arrival, the object was determined to be a sea lion carcass. Harbor Patrol returned to the harbor without incident.
- 8-14-20 Harbor Patrol responded to a report of a cliff rescue in the area of Sunny Cove. Upon arrival, the subject had self-extricated from the cliff. Harbor Patrol returned to the harbor without incident.
- 8-15-20 Harbor Patrol responded to a report of a missing child, last seen in the water, in the area of Rio Del Mar Beach. Prior to arrival, the child was located, and the call was canceled. Harbor Patrol returned to the harbor without incident.
- 8-16-20 Harbor Patrol responded to a report of a vessel in distress approximately ¼ mile outside the harbor entrance. Upon arrival, it was determined that the vessel's rigging had sustained damage. Harbor Patrol took the vessel under tow and brought it back to the launch ramp without incident.
- 8-18-20 Harbor Patrol responded to a disabled vessel in the area of the harbor entrance. Harbor Patrol took the vessel under tow and brought it to the boatyard where the vessel owner made arrangements for repairs.
- 8-25-20 Harbor Patrol responded to a request for assistance from Santa Cruz Police in the area of the Santa Cruz Municipal Wharf after a suspect fled and attempted to enter the water. Prior to arrival, the suspect was apprehended onshore and the call was canceled. Harbor Patrol returned to the harbor without incident.
- 8-29-20 Harbor Patrol responded to a report of a suicidal subject on the cliffs in the area of West Cliff Drive and Stockton Avenue. The subject attempted to jump and was located approximately 20 feet below the cliff's edge. The subject self-extricated from the cliff and submitted to paramedics for medical treatment. Harbor Patrol returned to the harbor without incident.

Crime Reports, Assist Outside Department and Incident Reports

- 8-1-20 Harbor Patrol took an incident report after a subject suffered a medical seizure in the concession parking lot. Paramedics provided medical treatment and the subject was transported to Dominican Hospital by ambulance for further evaluation.

- 8-8-20 Harbor Patrol took an incident report after a paddleboarder had a near collision with a vessel in the area of the Santa Cruz Municipal Wharf. Harbor Patrol conducted an investigation, which resulted in a citation being issued to the vessel operator (Santa Cruz Municipal Code 9.66.080 - excessive speed). No injuries reported.
- 8-8-20 Harbor Patrol took an incident report after a subject fell while roller-skating in the area of the boatyard entrance. Paramedics transported the victim to Dominican Hospital for treatment of minor injuries.
- 8-9-20 Harbor Patrol responded to a report of a domestic disturbance between a male and female subject in the concession parking lot. The parties were separated and the case was turned over to Santa Cruz Police. The male subject was arrested and transported to Santa Cruz County Jail.
- 8-16-20 Harbor Patrol took an incident report after a truck pulling a boat trailer collided with a parked vehicle in the launch ramp. Both parties exchanged information. No injuries reported.
- 8-21-20 Harbor Patrol took an incident report after receiving report of a physical altercation that had occurred between two subjects in the area of J-Dock. Harbor Patrol conducted an investigation. Victim did not press charges.
- 8-25-20 Harbor Patrol detained a suspect near the west side access road after it was reported that the subject tampered with an access panel on a streetlight and then assaulted a harbor employee. The subject was uncooperative and subsequently transported to Santa Cruz County Jail by Santa Cruz Police. The subject was issued a Notice to Appear (NTA) for battery, resisting arrest, and possession of a controlled substance. The harbor employee sustained minor injuries.
- 8-27-20 Harbor Patrol responded to a report of an intoxicated subject in the area of the concession parking lot. Harbor Patrol contacted the subject and determined that he was suffering from a medical issue. Paramedics provided medical treatment and released the subject into the care of a friend.
- 8-30-20 Harbor Patrol took an incident report after a slip renter reported seeing two subjects peering into vehicle windows in the area of X2-Dock. No property was reported stolen. No suspect information.

August Parking Citation: 369



August 26, 2020

Superintendent Paul Michel
Monterey Bay National Marine Sanctuary
99 Pacific Street, Building 455A
Monterey, CA 93940

SUBJECT: Monterey Bay National Marine Sanctuary Management Plan Review

Dear Superintendent Michel:

I am writing on behalf of the Santa Cruz Port Commission to transmit the comments of the Santa Cruz Port District ("SCPD") on the draft Management Plan and proposed regulation changes. SCPD appreciates the opportunity to review and comment on the June 2020 Draft Management Plan for the Monterey Bay National Marine Sanctuary ("MBNMS"). The plan and its supporting documentation provided valuable insight into current and future issues and concerns of MBNMS.

In 1992, MBNMS was "...established for the purpose of resource protection, research, education, and public use" (National Marine Sanctuaries, June 2020). SCPD shares mutual interests and common goals with MBNMS, and is proud to be the Gateway to the Monterey Bay National Marine Sanctuary. SCPD supports conservation and management of sanctuary resources in a manner that achieves balance in meeting all of MBNMS's stated missions, including enhancing and supporting opportunities for public use now and in the future.

SCPD supports the proposal to add a new definition for "beneficial use of dredged material" at 15 CFR 922.131 and to amend 15 CFR 922.132(f) to clarify that beneficial uses of clean and suitable dredged material is not disposal of dredged material. SCPD appreciates recognition by MBNMS that its longstanding beach replenishment / sand bypassing activities accomplished through maintenance dredging operations restores habitats by stabilizing beach profiles and returning clean sand and watershed material into the Santa Cruz littoral cell longshore transport system. Regular sediment testing has shown SCPD's dredged material to be clean and suitable for aquatic disposal and this added flexibility will help achieve other objectives of MBNMS's issue-based action plans.

For over two decades, SCPD has advocated for changing the view of dredged material as a waste product to a perspective that values sediment as a natural resource serving

multiple beneficial purposes. SCPD is gratified to see this thinking finally reflected in the draft Management Plan and accompanying change to the MBNMS regulations.

Climate Change Acton Plan: As noted in the Federal Register Notice and Proposed Rule, beneficial reuse of clean and suitable dredged material for habitat restoration purposes *"...would provide an additional effective and sustainable option to address sites in MBNMS where shoreline habitat and resources are increasingly impacted by erosion due to shoreline structures, coastal armoring, sea level rise, and documented, increased storm activity"* (Federal Register, 2020). This flexibility and partnership between SCPD and MBNMS on placement of clean and suitable dredged material can help to achieve stated objectives of coastal resilience and climate adaptation.

Coastal Erosion and Sediment Management Action Plan: SCPD supports Activity 4.1 under Strategy CESM-4 "Implement site-specific beach nourishment programs," which expresses MBNMS's commitment to continue to coordinate with local harbors and cities on use of clean sand for beach nourishment as opportunities arise.

However, SCPD takes exception to an unfounded statement included under the subheading "Dredge Disposal in MBNMS Waters":

"... dredged material disposal may affect water quality and can bury or alter habitat, bathymetry, and physical processes."

Santa Cruz Port District has completed three peer-reviewed dredging demonstration projects and two separate three-year baseline monitoring studies of Giant Kelp. These peer-reviewed scientific studies and other reports are available on SCPD's website at <https://www.santacruzharbor.org/dredging-scientific-studies-reports/>. Reports include:

- Kelp Monitoring, Habitat Assessment and Aerial Photography Analysis, Final Report 2008-10, Sandoval and Associates, January 2011
- Three Year Baseline Monitoring of Giant Kelp Final Report, Sandoval and Associates Consulting Services, LLC, February 2016
- Dredging Demonstration Project #3 – The Dynamics of Fine-Grain Sediment Dredged from Santa Cruz Harbor, by United States Geological Survey, May 2011
- Dredging Demonstration Project #2, Fall 2005 Inner Santa Cruz Harbor Dredge Disposal Monitoring Program, Sea Engineering, Inc., 2005
- Dredging Demonstration Project #1, Monitoring of Dredged Upper Santa Cruz Harbor Mixed Sand and Mud Sediment Released into the Nearshore Area of Santa Cruz, California, Watt and Greene, 2001

- The Role of Mud in Regional Productivity and Species Diversity, John Oliver, Moss Landing Marine Lab and Sea Engineering, Inc., January 2008

SCPD suggests this statement be amended to clarify it is intended to address material not deemed suitable for aquatic disposal, and not clean sediment approved for ocean disposal according to EPA standards.

Additionally, page 64 of the Draft Management Plan states, “*MBNMS authorizes the Army Corp permit for the Santa Cruz Port District to place dredged material at the federally approved nearshore beach area at Harbor Beach and Twin Lakes State Beach, and the offshore disposal site.*” Historically, MBNMS has authorized the Coastal permits issued for SCPD’s dredging operations. MBNMS has not authorized SCPD’s permits issued by the US Army Corps of Engineers (“USACE”). SCPD requests clarification on MBNMS’ authority over permits issued by the USACE.

Marine Debris Action Plan: SCPD is collaborating with MBNMS to prevent vessel groundings and sinkings whenever possible, and is cooperating with efforts to collect lost fishing gear by providing temporary storage areas at the harbor for temporary storage of gear. SCPD suggests it be listed as a potential partner in this effort to reduce marine debris.

Water Quality Protection Program Action Plan: SCPD appreciates MBNMS’s recognition of its efforts to reduce water pollution, and is proud of Santa Cruz Harbor’s designation as a California Certified Clean Marina.

Wildlife Disturbance Action Plan: SCPD supports MBNMS efforts to prevent and reduce wildlife entanglements. Regulation by agencies tasked with fisheries management, as well as promoting the use of well-marked, traceable gear that meets current wildlife protection standards and enforcement are excellent means of protecting resources while safeguarding sustainable public use in support of a vibrant and productive fishery.

There are a few minor corrections to the MBNMS Draft Management Plan document noted below:

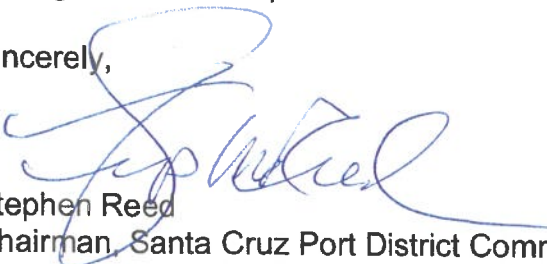
- Page 22: Correct height of sea surface tilt in the Pacific Ocean from east to west to one meter (not one mile)
- Page 64: SCPD dredges through April 30 (not April 1)
- Page 70: Correct entity name is Santa Cruz Port District (not “Harbor District”)

Lastly, the Federal Register Notice and Proposed Rule (Federal Register, 2020) states, “*The beneficial use of dredged material at sites within the sanctuary, such as Surfer’s*”

Beach, would require: ... additional rigorous testing and screening of the material to ensure that the material is both clean and suitable for habitat restoration; additional review of the proposed project under NEPA and other applicable statutes....” What kind of testing might be proposed above and beyond what is already required under existing Clean Water Act / USACE / EPA standards for dredged material and why?

The Santa Cruz Port Commission looks forward to MBNMS’s responses to its comments, and congratulates Sanctuary staff on completing this first step in the sanctuary management review process.

Sincerely,



Stephen Reed
Chairman, Santa Cruz Port District Commission

cc: The Honorable Jimmy Panetta, Member of Congress, 20th District
Jim Haussener, California Marine Affairs and Navigation Conference (C-MANC)
Santa Cruz County Board of Supervisors

References

Federal Register, Vol 85. No 129. (2020, July 6). Federal Register Notice and Proposed Rule. National Marine Sanctuaries, M. (June 2020). *Monterey Bay National Marine Sanctuary Draft Management Plan*. Office of National Marine Sanctuaries, National Oceanic and Atmospheric Administration.

From: [Tess Fitzgerald](#)
To: scpd@SCPD
Subject: More thank gratitude
Date: Tuesday, September 15, 2020 7:19:51 PM

Dear Port Commissioners,

I am writing to thank you once again for your consideration of those of us in Santa Cruz County who have been displaced as a result of the CZU August Lightning Complex Fire.

We in the SLV know who the folks who answered the call to help when it arose, and it will not be forgotten.

I also want to appreciate your staff-your admin for working our third party billing, your camp host for being present and on it, harbor patrol, and the contract trash removal folks. You run a tight ship in this District (no pun intended, well maybe).

Hopefully, I'll be back in my community soon, while I am very fortunate to have a house still standing, it requires smoke damage remediation. We will see how Jake from State Farm lives up to his late night promises.

That's all for now, just wanted to express my gratitude. The battalion chief wants me home soon, so things will be sorted sooner than later.

Sincerely,
Tess Fitzgerald

Sent from my iPhone

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

Port Commission Review Calendar 2020-21

2020

January-March

- ✓ Committee assignments for 2020
- ✓ Sea Scouts' biannual report
- ✓ Slip vacancy biannual report / waiting list statistics
- ✓ FY 21 Budget
- ✓ Review 5-year CIP
- ✓ Review of NH sublet fee structure (exp. 3/31/20)
- ✓ Ethics Training Update
- ✓ Form 700 Filing (due by 03/31 each year)

April-June

- ✓ Dredge Report 2019-20
- ✓ Annual Vessel Use List Review
- ✓ Biennial Update to Conflict of Interest Code
- ✓ Crow's Nest lease exp. 04/30/20 (Suite 130)
2 (5) year options to extend

July-September

- ✓ Review of O'Neill Sea Odyssey slip rent reduction / charter fee. PC action of 07/07
- ✓ Sea Scouts' biannual report
- Vessel Insurance Policy Review
- Slip vacancy biannual report / waiting list statistics

October-December

- Annual review of business use of slips
- Port Commission officers for 2021

Committee Review Items (timeline not specified)

- Vessel Insurance Policy Enforcement (Policy Committee)
- Port Commission Policies and Procedures Manual Update: Human Resources Role

Key

- Pending
- In process
- ✓ Done

2021

January-March

- Committee assignments for 2021
- Sea Scouts' biannual report
- Slip vacancy biannual report / waiting list statistics
- FY 22 Budget
- Review 5-year CIP
- Ethics Training Update
- Form 700 Filing (due by 03/31 each year)
- Biennial Anti-Harassment/Anti-Discrimination Training

April-June

- Dredge Report 2021-22
- Annual Vessel Use List Review

July-September

- Review of O'Neill Sea Odyssey slip rent reduction / charter fee. PC action of 07/07
- Sea Scouts' biannual report
- Slip vacancy biannual report / waiting list statistics
- Johnny's Harborside Restaurant lease exp. 8/15/2021 (no option to extend)

October-December

- Annual review of business use of slips
- Port Commission officers for 2022

Future Calendar

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