



Special Closed and Regular Public Session of June 27, 2023

**Santa Cruz Port Commission  
MINUTES**

*Commission Members Present:*

Darren Gertler	Chair
Stephen Reed	Vice-chair
Dennis Smith	Commissioner
Toby Goddard	Commissioner ( <i>via Zoom</i> )
Reed Geisreiter	Commissioner

**SPECIAL PUBLIC SESSION – 5:30 PM**

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

1. Oral Communication
2. Announcement of Closed Session Pursuant to Government Code (Ralph M. Brown Act) §54956.8

At 5:30 PM, Chair Gertler announced that the Commission will meet in closed session to discuss agenda item 3.

**SPECIAL CLOSED SESSION**

3. Conference with Real Property Negotiators  
Property: 616 Atlantic Avenue  
Agency Designated Representative: H. MacLaurie  
Negotiating Parties: None  
Under Negotiation: Lease Terms

**SPECIAL PUBLIC SESSION**

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

Chair Gertler announced that the Commission took no reportable action in closed session on item 3.

Chair Gertler adjourned the special open session following the closed meeting at 6:45 PM.

## **REGULAR PUBLIC SESSION**

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

5. Pledge of Allegiance
6. Oral Communication

Chair Gertler announced that the Commission took no reportable action in closed session on item 3.

Facilities Maintenance & Engineering Manager Wulf requested that the Commission consider adjusting the regular public meeting start time from 7:00 PM to 5:30 PM.

There was a consensus among a majority of the Commission to consider the request at a future meeting.

## **CONSENT AGENDA**

7. Approval of Minutes
  - a) Special Closed, Public Hearing, & Regular Public Meeting of May 23, 2023
8. Approval of Lease Amendment for UCSC Community Boating Program

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-chair Reed to approve consent agenda items 7 and 8.  
- *Motion carried unanimously.*

## **REGULAR AGENDA**

9. Consideration of 6-Pak Charter Permit Application – Ocean Safaris (J. Moskito)

Discussion: Harbormaster Anderson requested that the Commission consider authorization of a 6-pak charter operation in the northeast harbor. He stated that approval of this request would have minimal impact in the area.

Mr. Moskito thanked the Commission for their consideration of his request.

Commissioner Smith expressed support for approving the proposed charter operation. Chair Gertler agreed.

MOTION: Motion made by Commissioner Geisreiter, seconded by Commissioner Smith to authorize a 6-pak charter operation for James Moskito of Ocean Safaris.  
- *Motion carried unanimously.*

10. Consideration of 6-Pak Charter Permit Application – Cod Mountain Fish Co. (G. Webb)

Discussion: Harbormaster Anderson requested that the Commission consider authorization of a 6-pak charter operation in the southeast harbor (S-Dock). He stated that there are currently three other charters operating from S-Dock and an alternative location on R-Dock can be considered, if the Commission has concerns about the number of charters operating from a single dock.

Mr. Webb thanked the Commission for their consideration of his request and expressed that he is agreeable to either slip location (S-Dock / R-Dock).

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Geisreiter to authorize a 6-pak charter operation on S-Dock for Greg Webb of Cod Mountain Fish Company.  
- *Motion carried unanimously.*

11. Authorization of the Purchase of a New Boiler Heating Unit – 2222 East Cliff Drive (NTE \$31,000)

Discussion: Port Director MacLaurie recommended that the Commission authorize the purchase of a new boiler unit, rather than spend \$7,000 on a potentially ineffective repair. She stated that the boiler unit is in stock and has a minimal lead time for installation.

In response to a question posed by Commissioner Smith, Port Director MacLaurie confirmed that a contingency amount is not anticipated for this purchase.

MOTION: Motion made by Commissioner Smith, seconded by Vice-chair Reed to authorize the purchase of a new boiler unit for 2222 East Cliff Drive in an amount not to exceed \$31,000.  
- *Motion carried unanimously.*

12. Approval of Resolution 23-06 – Special District Risk Management Authority (SDRMA) Election Ballot for Board of Directors

Discussion: Port Director MacLaurie requested that the Commission provide direction to staff on casting the Port District's vote(s) for candidates for the SDRMA Board of Directors election and approve Resolution 23-06.

A brief discussion ensued regarding the background of the candidates and their qualifications. There was consensus among a majority of the Commission to cast votes for the incumbent candidates (Claypool, Swan, and Seifert-Raffelson).

MOTION: Motion made by Commissioner Smith, seconded by Commissioner Geisreiter to approve Resolution 23-06, casting votes for SDRMA Board of Directors candidates Claypool, Swan, and Seifert-Raffelson.  
- *Motion carried unanimously.*

13. Approval of Cash / Payroll Disbursements – May 2023 (*There was no discussion on this agenda item*)

MOTION: Motion made by Commissioner Smith, seconded by Commissioner Geisreiter to approve cash and payroll disbursements for May 2023, in the amount of \$1,937,616.85.  
- *Motion carried unanimously.*

## INFORMATION

14. Port Director's Report

Port Director MacLaurie stated that the County Board of Supervisors recently adopted a resolution of intent to sell the three harbor adjacent parcels that comprise the southwest property at 7th and Brommer. She stated that in the coming weeks, the Commission will need to review and discuss if there remains an interest in acquiring the property.

Port Director MacLaurie provided an update on the 2222 East Cliff Drive Deck Replacement Project and noted that City building permit fees currently total approximately \$26,000. There was consensus among the Commission to negotiate lower permit fees with the City, if possible.

15. Harbormaster's Report

Harbormaster Anderson stated that the upcoming Pile Repair and Replacement Project is tentatively scheduled to commence on July 17, 2023.

Chair Gertler expressed appreciation for reporting on the Monterey Bay Salmon and Trout Project's recent salmon release from the Santa Cruz Wharf.

Commission Goddard stated that he is supportive of issuing a press release recognizing the three Deputy Harbormasters that were recently honored by the California Association of Harbormasters and Port Captains for their efforts in apprehending a wanted murder suspect out of Humboldt County last year.

16. Facilities Maintenance & Engineering Manager's Report

Facilities Maintenance & Engineering (FME) Manager Wulf stated that representatives from Lind Marine will be on-site July 17, 2023, to perform the biennial inspection of the dredge, *Twin Lakes*.

In response to a question posed by Commissioner Smith, FME Manger Wulf stated that the engineering and inspection reports for the damaged crane pad along the east access road embankment have been completed and submitted to FEMA for determination of hazard mitigation grant funding eligibility.

17. Financial Reports (*There was no discussion on this agenda item*)
  - a) Comparative Seasonal Revenue Graph
  - b) Review of FY24 Budget Impacts – Salmon Season Closure
  - c) CLASS Statement
18. Delinquent Account Reporting (*There was no discussion on this agenda item*)
19. Harbor Patrol Incident Response Report – May 2023 (*There was no discussion on this agenda item*)
20. Port Commission Review Calendar / Follow-Up Items (*There was no discussion on this agenda item*)

Chair Gertler adjourned the regular public session at 7:33 PM.

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Darren Gertler, Chair



TO: Port Commission

FROM: Renee Ghisletta, Administrative Assistant

DATE: July 14, 2023

SUBJECT: Approval of Month-to-Month Rental Agreement for 2222 East Cliff Drive, Suite 204  
(Tenant: Laurel Andres, LMFT)

**Recommendation: Approve the month-to-month rental agreement.**

### **BACKGROUND**

Laurel Andres, LMFT has been subleasing the office space located at 2222 East Cliff Drive, Suite 204, from O'Neill Sea Odyssey (OSO) since August 2004.

Effective June 1, 2022, under a new Amended and Restated Lease with OSO, the Port District assumed control of all second story suites, including Ms. Andres' sublease which is set to expire on July 31, 2023.

Ms. Andres wishes to execute a new month-to-month rental agreement with the Santa Cruz Port District effective August 1, 2023, with terms as outlined below.

### **ANALYSIS**

Terms of lease: Month-to-Month  
Tenant: Laurel Andres, LMFT  
Space: 2222 East Cliff Drive, Suite 204 (210 SF)  
Rent: \$898.80 mo. (\$4.28/SF) – Adjusted annually by CPI  
Use: Office Space  
Insurance: \$1 million with Santa Cruz Port District named as additional insured

### **IMPACT ON PORT DISTRICT RESOURCES**

Approval of this lease will generate approximately \$10,785.60 per year in concession income.

ATTACHMENTS: A. Rental Agreement – 2222 East Cliff Drive, Suite 204

**SANTA CRUZ PORT DISTRICT  
RENTAL AGREEMENT**

THIS AGREEMENT is made and entered into as of the Agreement date in Section 1, by and between the SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision, 135 5th Avenue, Santa Cruz, California, 95062, hereafter referred to as "Landlord," and Tenant indicated in Section 1, hereafter referred to as "Tenant."

RECITALS:

A. Landlord is the owner of that certain real property described in Section 1 and located in the City and County of Santa Cruz, State of California, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

B. Landlord desires to rent to Tenant and Tenant wishes to rent from Landlord the land and improvements as indicated in Exhibit A and described in Section 1 (the "Premises").

NOW, THEREFORE, in furtherance of the foregoing, and in consideration of the mutual covenants contained herein, Landlord and Tenant hereby agree as follows:

1. Rental of Premises. Landlord hereby rents the Premises to Tenant, and Tenant rents the Premises from Landlord, for the term, at the rental, and upon the other terms and conditions summarized in this Section and more fully described in subsequent sections:

Agreement Date:	<u>August 1, 2023</u>	Term:	<u>Month to Month</u>
Tenant:	<u>Laurel Andres, LMFT</u>		
Property:	<u>2222 East Cliff Drive, Suite 204</u>		
Premises:	<u>Office Space (approx. 210 SF)</u>		

	<i>Fixed Minimum</i>	<i>Time Period</i>	<i>Percentage Rent</i>
Rent:	<u>\$898.80</u>	<u>per month</u>	<u>N/A</u>

Rent Payable:	<u>Monthly</u>	on:	<u>the 1<sup>st</sup></u>	starting:	<u>August 1, 2023</u>
Rent Adjusted:	<u>annually</u>	on:	<u>April 1</u>	based on:	<u>SF Bay Area CPI</u>
Deposit:	<u>N/A</u>	paid:	<u>\$735.00</u>		
Use:	<u>Office Space</u>				

Tenant Insurance Requirements:	<u>Casualty</u>	<u>N/A</u>	<u>Liability</u>	<u>\$1 million</u>
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Notice of Rent Adjustment:	<u>30 days</u>	Notice of Termination:	<u>30 days</u>
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	<i>Landlord</i>	<i>Tenant</i>
Notice Addresses:	<u>Santa Cruz Port District</u>	<u>Laurel Andres, LMFT</u>
	<u>Attn: Port Director</u>	<u>2222 East Cliff Drive, Suite 204</u>
	<u>135 5<sup>th</sup> Avenue</u>	<u>Santa Cruz, CA 95602</u>
	<u>Santa Cruz, CA 95062</u>	

2. Term. The term of this agreement shall be month-to-month, commencing as of the date indicated in Section 1.

3. Notice of Termination. Landlord or Tenant may terminate this agreement with advance written notice to the other party. Such written notice must be given on the first day of the calendar month and shall be in advance of its effective date by the number of days indicated in Section 1.

4. Rent.

(a) Fixed Minimum Rent. As described in Section 1, Tenant shall pay to Landlord a fixed amount of rent ("Fixed Minimum Rent") which shall be subject to periodic adjustment as described in subparagraph 4(b).

(b) Adjustment of Fixed Minimum Rent. Landlord shall notify Tenant if rent is to be adjusted as indicated in Section 1. Any adjustment shall be effective as indicated in Section 1.

(c) Payment of Fixed Minimum Rent. Fixed Minimum Rent shall be payable as indicated in Section 1, in advance, without notice, offset, or abatement. All rent and other sums payable by Tenant hereunder shall be paid to Landlord in currency of the United States of America (or by personal check unless Landlord otherwise notifies Tenant) at Landlord's address set forth in Paragraph 23 hereof, or at such other place as Landlord may from time to time designate in writing.

(d) Deposit. Tenant shall also pay the amount indicated in Section 1, to be held as security deposit.

5. Use.

(a) Permitted Uses. Tenant shall use the Premises solely for the use indicated in Section 1 and for no other uses whatsoever. Tenant acknowledges that Landlord has made no warranties or representations to Tenant regarding the suitability of the Premises for Tenant's intended use, and Tenant waives all claims against Landlord regarding the suitability of the Premises for Tenant's intended uses. Landlord reserves the right to fix and determine rates charged (per Section 72 H&N).

(b) Roof. Tenant shall have no right to use any portion of the roof of the Building for any purpose.

(c) Continuous Use. Tenant shall continuously and uninterruptedly during the Agreement term, occupy and use the Premises for the purposes permitted under this Agreement.

(d) Hazardous Materials. No goods, merchandise, or materials shall be kept, stored, or sold in such a manner as to create any unusual hazard on the Premises; and no offensive or dangerous trade, business, or occupation shall be conducted thereon, and nothing shall be done on the Premises which will cause an increase in the rate of or cause a suspension or cancellation of the insurance upon the Premises or upon adjacent properties or improvements thereon.

No machinery or apparatus shall be used or operated on the Premises, which will in any way injure the Premises, or adjacent properties or improvements thereon.



Tenant shall indemnify Landlord from any damages suffered by Landlord, including, without limitation, cleanup costs, as a result of the generation, use, storage, transport, or release of hazardous materials by Tenant in, on, or about the Premises or the Property. For the purpose of this Agreement, the term "hazardous materials" shall mean (A) those substances listed in Title 22 section 66680 of the California Administrative Code, (B) substances within the criteria set forth in Title 22 sections 66693 through 66723 of the California Administrative Code, (C) substances which, at any time during the term hereof, are added to the list described in paragraph (A) above or which are within any future criteria described in subparagraph (B) above, (D) petroleum and all byproducts and distillates thereof, and (E) asbestos. Prior to bringing or allowing any hazardous materials to be brought onto the Premise or Property, Tenant shall notify Landlord as to the identity of said materials and the safeguards to be used in connection therewith. Landlord shall be entitled, in its sole discretion, to refuse to allow hazardous materials to be brought onto the Premises or Property. Landlord's consent to the introduction of any hazardous material onto the Property (i) shall not release Tenant from its duty to indemnify Landlord for any damages resulting from such materials, (ii) shall not be deemed to waive Landlord's right to disapprove of any subsequent introductions of hazardous materials onto the Property whether of the same or of a different nature than the material to which Landlord consented, and (iii) may be revoked at any time, in Landlord's sole discretion, whereupon Tenant shall remove such materials from the Property within five (5) days of receipt of Landlord's demand for removal. In all events, if any hazardous materials become located upon the Property for any reason other than as consented to by Landlord in accordance with the foregoing procedure; Tenant shall immediately notify Landlord as to the same.

(e) Effect on Navigable Waters. Under federal law, no construction, installation, dredging, filling, or other activity, which would have an effect on navigation, may be conducted in or adjoining navigable waters without a permit therefore first being issued by the Secretary of the Army. The Port Director determines whether any proposed facility of Tenant may be construed to have an effect on navigation. In the event the Port Director so determines, Tenant shall prepare at its expense a permit application for submittal by Landlord in Landlord's name to the Corps of Engineers, United States Army. The permit application shall be prepared in strict conformity with regulations published by the United States Army.

(f) Non-permitted Uses. Tenant shall not permit the Premises to be used for any purpose not described in Paragraph 5(a) or for any unlawful purpose; and Tenant shall not perform, permit, or suffer any act of omission or commission upon or about the Premises which would result in a nuisance or a violation of the laws and ordinances of the United States, State of California, or City of Santa Cruz, as the same may be now or hereafter in force and effect. Without limiting the generality of the foregoing, Tenant specifically agrees not to cause or permit generation of unreasonable levels of noise from other sources, which might disturb liveaboard slip licensees, or residential neighbors of the Port District from 9:00 pm until 6:00 am each day during the lease term. Tenant further specifically agrees to prevent emission from the Premises into the air of any smoke or other noxious substances, or any odors reasonably deemed offensive to personnel of Landlord, liveaboard slip licensees or residential neighbors of the Port District.

(g) Compliance with Laws. Tenant shall abide by all applicable rules, codes, regulations, resolutions, ordinances and statutes of Landlord, the City of Santa Cruz, County of Santa Cruz, California Coastal Commission, State of California, or other governmental body where applicable, respecting the use, operation, maintenance, repair or improvement of the Premises and equipment therein, and shall pay for any and all licenses or permits required in connection with the use, operation, maintenance, repair, or improvement of the Premises.

6. Ownership of Improvements. All structures, buildings, improvements, additions, and fixtures now existing or hereafter constructed, erected, or installed in or upon the Premises, and all alterations and additions thereto, shall be deemed a part of the Premises and title thereto shall be deemed vested in and remain in Landlord during the agreement term, and upon expiration or sooner termination of the agreement term shall remain upon and be surrendered with the Premises as part thereof.

7. Construction of Improvements.

(a) No Landlord Improvements. Landlord shall not be obligated to install or construct any improvements, additions, or alterations (collectively called "improvements") on the Premises during the agreement term.

(b) Tenant Improvements. Tenant may, at Tenant's expense, construct certain new additions and improvements to the Premises required in connection with the conduct of Tenant's business; provided, (a) that Tenant shall obtain, at Tenant's expense, all necessary plans and specifications for the construction of said additions and improvements, (2) that Tenant's plans and specifications shall be subject to review and prior written approval by Landlord, and (3) that Tenant shall be responsible for obtaining, at Tenant's expense, all necessary governmental permits and approvals for construction of any new additions or improvements to the Premises.

(c) Liens. Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. Tenant shall indemnify and hold Landlord harmless against liability, loss, damage, cost, and all other expenses (including but without limitation, attorneys' fees) arising out of claims of lien for work performed or materials or supplies furnished at the request of Tenant or persons claiming under Tenant.

8. Taxes and Assessments.

(a) Payable by Tenant. Tenant shall pay directly to the taxing authority during each year or partial year during the term hereof, all real and personal property taxes, general and special assessments, use and possessory taxes, environmental protection charges, and other charges of every kind or description whatsoever, foreseen or unforeseen, levied on or assessed against the Premises, improvements or personal property therein, the leasehold estate or any personal property therein, the leasehold estate or any subleasehold estate permitted by Landlord. Tenant shall pay each installment of such taxes and assessments prior to the date such installment becomes delinquent. The taxes and assessments to be paid by Tenant hereunder shall be prorated at the end of the agreement term, in order that Tenant will pay only the proportionate part of said taxes and assessments attributable to the period of the agreement term, based on the ratio of the unit's square feet to the building's total square feet.

(b) Substitute Taxes. If at any time during the agreement, under the laws of the United States of America, the State of California, or any political subdivision thereof in which the Premises are located, a tax on rent or other charge by whatever name called, is levied, assessed, or imposed against Landlord, or against the rent payable hereunder to Landlord, as a substitute in whole or in part for any of the taxes described in Paragraph 8(a), Tenant, to the extent such substitute tax or other charge relieves Tenant from the payment of taxes provided for herein, shall pay such tax or other charge in the manner provided in this Paragraph 8.

9. Insurance.

(a) Casualty Insurance. If indicated in Section 1, Landlord shall, at Tenant's expense, procure and maintain in full force and effect at all times during the term of this agreement, fire, and extended coverage insurance satisfactory to Landlord covering the Premises and all improvements therein in an amount not less than ninety percent (90%) of the actual replacement cost thereof. The insurance provided for in this Paragraph 9(a) shall, in Landlord's sole discretion, provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), including earthquake, and loss of rents covering Fixed Minimum Rent for a period of up to twelve (12) months, and shall contain an inflation endorsement. Insurance proceeds thereunder shall be payable to Landlord. Landlord shall have no obligation to insure against loss by Tenant to Tenant's leasehold improvements, fixtures, furniture, or other personal property in or about the Premises occurring from any cause whatsoever and Tenant shall have no interest in the proceeds of any insurance carried by Landlord. Landlord shall be entitled to carry any such insurance in the form of a blanket policy covering property in addition to the Premises. Tenant shall reimburse Landlord upon demand for its share of the cost to Landlord of any insurance policy or policies, which Landlord may carry on the Premises in accordance with this paragraph. Such costs shall include both premiums and deductibles. Tenant's share of the cost of such insurance shall be a prorated share based upon the portion of the building square footage contained within the Premises, or if in Landlord's reasonable judgment the foregoing square footage based apportionment does not fairly apportion the insurance costs related to the building, Landlord may adjust such insurance costs as appropriate to reflect any disparity in risk level or other factors which may affect the relative cost of insurance between and among all tenants of the building; as to any blanket policy of insurance covering properties other than the building, the portion of insurance costs allocable to the building shall be as equitably determined by Landlord. The premiums for such insurance of Landlord shall be prorated as of the expiration of the agreement term so that Tenant pays only for insurance coverage attributable to the agreement term.

(b) Liability Insurance. Tenant, at Tenant's sole expense, shall provide and keep in force at all times during the term of this agreement for the benefit of Landlord and Tenant general liability insurance policies with an insurance company reasonably satisfactory to Landlord, protecting Landlord and Tenant against any and all liability occasioned by any occurrence in, on, about, or related to the Premises in an amount not less than the amount indicated in Section 1, single combined limit for personal injury and property damage. Tenant shall cause Landlord to be named as an additional insured under such policy.

(c) Workers' Compensation Insurance. Tenant shall procure, at its own expense, and shall keep in force during the agreement term, adequate insurance against liability arising on account of injuries or death to workers or employees on the Premises. Such workers' compensation insurance shall be in amounts at least equal to the maximum liability of Tenant, its agents, and contractors under the Workers' Compensation Insurance and Safety Act of the State of California or other applicable laws.

(d) Other Insurance. Tenant shall procure, at its sole cost and expense, and shall keep in force, such other insurance in amounts from time to time reasonably required by Landlord against other insurable risks if at the time they are commonly insured against for business operations similar to that of Tenant.

(e) Written Notice of Cancellation or Reduction. Each policy of insurance, which Tenant is required to procure and maintain in effect, shall contain the following clause:

*"It is agreed that this policy shall not be cancelled nor the coverage reduced until thirty (30) days after the Port Director of Santa Cruz Port District shall have received written notice of such cancellation or reduction. The notice shall be sent by certified or registered mail and shall be deemed effective the date delivered to said Port Director, as evidenced by properly validated return receipt."*

(f) Waiver of Subrogation. Tenant and Landlord each hereby waives any and all rights of recovery against the other, and against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage to the extent of the insurance proceeds actually paid in connection therewith. Tenant and Landlord shall, upon obtaining any of the policies of insurance required or desired hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of rights of recovery is contained in this agreement, and shall each use their best efforts to cause the insurer for each such policy to waive in writing any rights of subrogation it may have against the other party.

(g) Submittal of Policies. Tenant agrees to deposit with Landlord, at or before the times at which the insurance policies necessary to satisfy the insurance provisions of this agreement are required to be in effect, a copy of each such policy or policies required hereunder and to keep such insurance in effect and the policy or policies therefore on deposit with Landlord during the entire term of this agreement.

(h) Review of Coverage. Landlord shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of Landlord, the insurance provisions in this agreement do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant to obtain (or may obtain at Tenant's expense) insurance sufficient in coverage, form and amount to provide adequate protection. Landlord's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks, which exist at the time a change in insurance is required.

Landlord shall give Tenant written notice of changes in the insurance requirement and Tenant shall deposit copies of acceptable insurance policies with Landlord incorporating such changes within sixty (60) days following receipt of such notice.

The procuring of such required policy or policies of insurance shall not be construed to limit Tenant's liability hereunder nor to fulfill the indemnification provisions and requirements of this agreement. Notwithstanding said policy or policies or insurance, Tenant shall be obligated for the full and total amount of any damage, injury, or loss caused by Tenant's negligence or neglect connected with this agreement or with use or occupancy of the Premises.

(i) Landlord's Remedies. In case of failure on the part of Tenant to procure or to maintain in effect any insurance which Tenant is required to carry as provided in this Paragraph 9, Landlord may at its discretion, and in addition to any other remedies it may have upon failure of Tenant to procure or to maintain in effect any insurance which Tenant is required to carry as provided in this Paragraph 9, procure or renew such insurance and pay any and all premiums therefore and all monies so paid by Landlord shall be repaid by Tenant to Landlord upon demand.

10. Indemnification.

(a) Tenant's Hold Harmless. Tenant hereby indemnifies Landlord against and holds Landlord harmless from any and all claims, damage, cost, liability, or expense, including but not limited to attorneys' fees and costs of suit, resulting from or arising out of Tenant's use of the Premises, Tenant's default in the performance of any obligation of Tenant under this agreement, any act or failure to act of Tenant or any employees, agents, contractors, customers, or other invitees of Tenant occurring in or about the Premises, or construction of any improvements by Tenant in the Premises. Such indemnification specifically includes without limitation any damage to property or injury or death to any person arising from the use of the Premises by Tenant or from the failure of Tenant to keep the Premises in good condition, order, and repair. Tenant expressly agrees to exercise due care in the handling of fuel or any other flammable materials in, on, or around the Premises. Tenant shall maintain on the Premises adequate firefighting equipment, which shall remain under the use, control, maintenance, and repair of Tenant.

(b) Tenant's Waiver of Claims. Tenant hereby waives all claims against Landlord for damage to any property, goods, wares, or merchandise of Tenant stored in, upon, or about the Premises, and for injury to persons in, upon, or about the Premises from any cause whatsoever arising at any time, except as may be caused by the active negligence or willful misconduct of Landlord. Landlord shall not be liable to Tenant for any damage caused by any act or negligence of any person, other than Landlord's personnel, in, upon, or about the Premises, whether a customer of Tenant or otherwise. Tenant expressly waives any claims against Landlord for damage to Tenant's business on the Premises or loss of goodwill or any other damage to Tenant arising from complete or partial closure of the Santa Cruz Harbor at any time and from time to time, whether such closure shall result from inclement weather, excess deposits of sand in the harbor, or any other reason whatsoever. Landlord shall have no obligation or responsibility to dredge the entrance channel of the Santa Cruz Harbor.

11. Maintenance and Repairs.

(a) Tenant's Obligations. Subject to Paragraph 15 below relating to damage and destruction, and subject to Landlord's maintenance responsibilities set forth in Paragraph 11(c) below, through the term of this agreement Tenant shall, at Tenant's sole cost and expense, maintain the Premises and every part thereof, and all fixtures, machinery and equipment located in or on the Premises and utilized in the conduct of Tenant's business in first class condition, order and repair, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (1) municipal, county, state, federal, and other governmental agencies and bodies having or claiming jurisdiction of the Premises and all their respective departments, bureaus, and officials; and (2) all insurance companies insuring all or any part of the Premises or improves or both. For purposes of this paragraph, the obligation to repair includes the obligation to replace as and when reasonably necessary. Tenant hereby waives such rights as it may have under California Civil Code Sections 1941 and 1942 and any similar or successor laws that permit a tenant to perform repairs and offset the cost thereof against rent.

(b) Outside Areas. Tenant acknowledges that the cleanliness and neat and attractive appearance of the interior and exterior of the Building and all other areas of the Premises are a material concern of Landlord. Accordingly, Tenant shall continuously exercise diligence throughout the agreement term in keeping the Premises and the Outside Area in a neat, clean, sanitary, and attractive condition. Tenant shall arrange for regular and prompt disposal of garbage generated by Tenant's operations on the Premises, and shall not permit garbage or refuse to accumulate in or around the Premises. Tenant shall not cause or permit offensive odors to emanate from the Premises.

(c) Landlord's Obligations. Notwithstanding anything to the contrary contained in this Paragraph 11, and subject to the provisions of Paragraph 15 below relating to damage and destruction, Landlord shall maintain in good condition, order and repair the parking area upon the Property, the heating, ventilation and air conditioning equipment, if any, servicing the Premises, and the structural portions of the Building, including the roof, walls and foundation of the Building, except to the extent any such maintenance is necessitated by damages due to the negligence or greater culpability of Tenant, its agents, employees or invitees. Landlord shall have no obligation to maintain or repair under this Paragraph 11(c) until a reasonable period of time after receipt by Landlord of notice from Tenant of the need therefore, specifying the nature of the maintenance or repair needed.

12. Utilities. Tenant shall pay promptly as the same become due and payable its pro rata share of all bills and costs for water, gas, electricity, refuse pickup, sewer service charges, and any other utilities or services supplied to the Premises as indicated in Section 1. Tenant shall pay its pro rata share of utilities within five (5) days of receiving notice from Landlord as to the amount thereof. The parties hereby agree that Tenant's pro rata share of said utility costs shall be reasonably calculated by Landlord and conveyed to Tenant. In no event shall Landlord be liable to Tenant for any interruption or failure of any utility services to the Premises.

13. Assignment and Subletting.

(a) Landlord's Consent Required. Tenant shall not assign, sublease, mortgage, pledge, hypothecate, encumber, or transfer the Premises or any part thereof, or this agreement or any rights or obligations hereunder without Landlord's written consent.

(b) Incorporation of Terms. Should Landlord consent to any Transfer such consent shall not constitute a waiver of any of the terms, covenants, or conditions of this agreement. Such terms, covenants, or conditions shall apply to each and every transfer hereunder and shall be severally binding upon each and every encumbrancer, assignee, transferee, subtenant, or other successor in interest of tenant. Any document to mortgage, pledge, hypothecate, encumber, transfer, sublet, or assign the Premises or any part thereof shall incorporate directly or by reference all the provisions of this agreement.

14. Damage or Destruction.

(a) Partial Damage-Insured. Subject to the provisions of Paragraphs 15(c) and 15(d), if the Premises or any improvements therein are damaged, such damage involves damage to the building to the extent of less than eighty percent (80%) of the then replacement value thereof (excluding excavations and foundations of the building), such damage was caused by an act or casualty covered under an insurance policy provided for in Paragraph 9, and the proceeds of such insurance received by Landlord are sufficient to repair the damage, Landlord shall at Landlord's expense repair such damage as soon as reasonably possible and this agreement shall continue in full force and effect.

(b) Partial Damage-Uninsured. Subject to the provisions of Paragraphs 15(c) and 15(d), if at any time during the term hereof the Premises or any improvements are damaged, such damage involves damage to the Building to the extent of less than eighty percent (80%) of the then replacement value thereof (excluding excavations and foundations of the building), and the insurance proceeds received by Landlord are not sufficient to repair such damage, or such damage was caused by an act or casualty not covered under an insurance policy, Landlord may at Landlord's option either (a) repair such damage as soon as reasonably possible at Landlord's expense, in which event this continue in full

force and effect, or (b) give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention to cancel and terminate this agreement as of the date of the occurrence of such damage.

(c) Total Destruction. If at any time during the term hereof either the Premises or the improvements contained therein are damaged from any cause, whether or not covered by the insurance provided for in Paragraph 9, and such damage involves damage to the Building to the extent of eighty percent (80%) or more of the replacement value thereof (excluding excavations and foundations of the Building), including any total destruction required by any authorized public authority, this Lease shall at the option of Landlord terminate as of the date of such total destruction. Landlord shall exercise its right to terminate this agreement by delivery of notice to Tenant within thirty (30) days after the date that Tenant notifies Landlord of the occurrence of such damage. In the event Landlord does not elect to terminate this agreement, Landlord shall at Landlord's expense repair such damage as soon as reasonably possible, and this Lease shall continue in full force and effect.

(d) Damage Near End of Term. If the Premises or the improvements therein are destroyed or damaged in whole or part during the last six (6) months of the term of this agreement, Landlord may at Landlord's option cancel and terminate this agreement as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage.

(e) Abatement of Rent. Notwithstanding anything to the contrary contained elsewhere in this Lease, if the Premises are partially damaged and Landlord repairs or restores them pursuant to the provisions of this agreement Paragraph 14, the Fixed Minimum Rent payable hereunder for the period commencing on the occurrence of such damage and ending upon completion of such repair or restoration shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired during the period of repair; provided that, nothing herein shall be construed to preclude Landlord from being entitled to collect the full amount of any rental loss insurance proceeds if such rental loss insurance is then carried with respect to the Premises. Except for abatement of rent, if any, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair, or restoration.

(f) Waiver. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4), and any similar or successor statutes relating to termination of agreement when the agreement term is substantially or entirely destroyed, and agrees that such event shall be governed by the terms of this agreement.

(g) Tenant's Property. Landlord's obligation to rebuild or restore shall not include restoration of Tenant's equipment, merchandise, or any improvements, alterations or additions made by Tenant to the Premises.

(h) Notice of Damage. Tenant shall notify Landlord within five (5) days after the occurrence thereof of any damage to all or any portion of the Premises. In no event shall Landlord have any obligation to repair or restore the Premises pursuant to this Paragraph 14 until a reasonable period of time after Landlord's receipt of notice from Tenant of the nature and scope of any damage to the Premises, and a reasonable period of time to collect insurance proceeds arising from such damage (unless such damage is clearly not covered by insurance then in effect covering the Premises).

(i) Replacement Cost. The determination in good faith by Landlord of the estimated cost of repair of any damage, or of the replacement cost, shall be conclusive for purposes of this Paragraph 14.

15. Eminent Domain.

(a) Termination. In the event the whole or any part of the Premises is condemned in the lawful exercise of the power of eminent domain by any public entity, then this agreement shall terminate as to the part condemned on the date possession of that part is taken.

(b) Partial Taking Renders Economically Unfeasible. If only a part of the Premises is condemned, but such taking makes it economically unfeasible for Tenant to use the remainder of the Premises for the purposes contemplated by this agreement, then Tenant may, at its option, terminate this agreement as of the date possession of the condemned part is taken by giving written notice to Landlord of its intention within thirty (30) days following the date said possession is taken.

(c) Partial Taking with Business Continued. If only part of the Premises is condemned and this agreement terminated as set forth above, then this Lease shall, as to the condemned portion of the Premises, terminate as of the date possession of such portion is taken. The Fixed Minimum Rent shall thereupon be reduced in the same proportion that the area of the Premises taken bears to the initial total area of the Premises. Fixed Minimum Rent, as so reduced, shall continue to be subject to adjustment in accordance with Paragraph 4 hereof.

(d) Repairs. Tenant shall, at its sole cost and expense and in a prompt and expeditious manner, make all necessary repairs or alterations to the remainder of the Premises so as to make them reasonably suitable for Tenant's continued occupancy for those uses and purposes contemplated by this agreement.

(e) Compensation. All compensation awarded or paid upon the total or partial taking of the fee title to the Premises or part of the Premises, or for the taking of all or any portion of the Premises, shall belong to Landlord. The Building and other improvements made by Landlord on the Premises at Landlord's expense shall belong to Landlord. Landlord shall not be entitled to any compensation paid to Tenant for costs incurred by Tenant in removing its furniture, equipment, and trade fixtures from the condemned Premises.

16. Tenant Default. Tenant shall be deemed in default under this agreement upon occurrence of any of the following:

(a) Tenant Default

(1) Tenant fails to pay a monetary sum when due under this Lease (provided that Tenant shall not be deemed in default if Tenant pays such sum within ten (10) days after notice from Landlord that such sum is overdue; and provided further that, Tenant shall not be entitled to any such ten (10) day grace period or notice and shall be deemed in default immediately upon failure to so pay when due if Landlord has already delivered two notices of overdue payments within the immediately preceding twelve (12) month period;

(2) Tenant fails to perform any of its other obligations under this agreement provided that, if such failure is of the nature that it may be cured, Tenant shall not be deemed in default if Tenant cures such failure within twenty (20) days after notice from Landlord of such failure;



(3) Tenant's interest in the Premises or the Lease, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions of this agreement), including, without limitation, the filing of an action by or against Tenant, or by any member of Tenant if Tenant is a partnership or joint venture, under any insolvency or bankruptcy laws, or if Tenant makes a general assignment for the benefit of its creditors, or;

(4) Tenant vacates, abandons, or surrenders the Premises during the agreement term. In the event of a default by Tenant under this agreement, Landlord may pursue such remedies as it may have for such default under law or in equity, including but not limited to the remedies set forth below.

(b) Repossession. Landlord may repossess the Premises and remove all persons and property therefrom. If Landlord repossesses the Premises because of a breach of this Lease, this agreement shall terminate and Landlord may recover from Tenant:

(1) the worth at the time of award of the unpaid rent, which had been earned at the time of termination including interest at ten percent (10%) per annum;

(2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided including interest at ten percent (10%) per annum;

(3) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, computed by discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%); and

(4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this agreement or which in the ordinary course of things would be likely to result therefrom.

(c) No repossession. If Landlord does not repossess the Premises, then this agreement shall continue in effect for so long as Landlord does not terminate Tenant's right to possession and Landlord may enforce all of its rights and remedies under this agreement, including the right to recover the rent and other sums due from Tenant hereunder. For the purposes of this Paragraph 16, the following do not constitute a termination of Tenant's right to possession:

(1) Acts of maintenance or preservation by Landlord or efforts by landlord to relent the Premises; or

(2) The appointment of a receiver by landlord to protect Landlord's interest under this agreement.

17. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants, agreements, or conditions of this agreement or for the recovery of the possession of the Premises, the prevailing party shall be entitled to recover from the other party, as a part of the

prevailing party's costs, reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgement rendered. "Prevailing party" within the meaning of this paragraph shall include, without limitation, a party who brings an action against the other party after the other party's breach or default, if such action is settled or dismissed upon the payment by the other party of the sums allegedly due or performance of the covenants allegedly breached or the plaintiff obtains substantially the relief sought by it in the action.

18. Removal of Property. Tenant hereby irrevocably appoints Landlord as agent and attorney in fact of Tenant to enter upon the Premises in the event of a default by Tenant in the payment of any rent herein reserved, or in the performance of any term, covenant, or condition herein contained to be kept or performed by Tenant, and to remove any and all furniture and personal property whatsoever situated upon the Premises, and to place such property in storage for the account of and at the expense of Tenant. In the event that Tenant shall not pay the cost of storing any such property after the property has been stored for a period of ninety (90) days or more, Landlord may sell any or all of such property, at public or private sale, in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant or any demand upon Tenant for the payment of any part of such charge or the removal of any such property and shall apply the proceeds of such sale first to the costs and expenses of such sale, including reasonable attorneys' fees actually incurred; second, to the payment of the costs of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms hereof; and fourth, the balance, if any, to Tenant.

19. Subordination.

(a) Subordination of Lease. This agreement at Landlord's option shall be subordinate to any mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon all or any portion of the Premises and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent, observe, and perform all of the provisions of this agreement unless this agreement is otherwise terminated pursuant to its terms. If any mortgagee or trustee shall elect to have this agreement prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this agreement shall be deemed prior to such mortgage or deed of trust, whether this agreement is dated prior or subsequent to the date of said mortgage or deed of trust or the date of recording thereof.

(b) Execution of Documents. Tenant agrees to execute any documents required to effectuate such subordination or to make this agreement prior to the lien of any mortgage or deed of trust, as the case may be, and failing to do so within ten (10) days after written demand, does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead, to do so.

20. Landlord's Right to Reenter.

(a) Peaceable Surrender. Tenant agrees to yield and peaceably deliver possession of the Premises to Landlord on the date of termination of this agreement regardless of the reason for such termination. Upon giving written notice of termination to Tenant, Landlord shall have the right to reenter and take possession of the Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the agreement and reentry of any Premises by Landlord shall in no way alter or diminish any obligation of Tenant under the Lease terms and shall not constitute an acceptance or surrender.

(b) Waiver of Redemption and Stipulated Damages. Tenant waives any and all right of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Premises for any reason or in the event, Landlord reenters and takes possession of the Premises in a lawful manner.

21. Notices. All notices, statements, demands, requests, approvals or consents given hereunder by either party to the other party shall be in writing and shall be sufficiently given and served upon the other party if served personally or if sent by first class mail of the United States Postal Service, certified, return receipt requested, postage prepaid, and addressed to the parties as indicated in Section 1, or to such other address as any party may have furnished to the others as a place for the service of notice. Notices sent by mail shall be deemed served on the date actually received, as indicated on the return receipt.

23. No Commission. Landlord and Tenant each agree that Landlord and Tenant, respectively, have not had any dealings with any realtor, broker, or agent in connection with the execution of this agreement. Tenant shall pay the commission or compensation payable to any agent or broker employed by Tenant in connection with the execution of this agreement.

24. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this agreement, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. Landlord's acceptance of partial payments of rent or any other sum due hereunder shall not be deemed a waiver of its right to recover the full amount of such payment and shall not be deemed an accord and satisfaction whether or not the amount due is disputed by the parties.

25. Holding Over. Any holding over after the expiration of the term with the consent of Landlord shall be construed to be a tenancy from month to month on the same terms and conditions specified herein so far as applicable.

26. Parking. Tenant acknowledges that all parking areas and all other common areas within the Santa Cruz Small Craft Harbor shall remain under the operation and control of Landlord. The manner in which such areas and facilities are operated and maintained shall be at the sole discretion of Landlord, and the use of such areas and facilities shall be subject to such rules and regulations as Landlord shall make from time to time. Landlord shall have the right to regulate access and parking and to install parking meters in such parking areas.

27. Non-Discrimination. Tenant agrees in the conduct of Tenant's business not to discriminate against any person or class of persons by reason of sex, race, creed, national origin, age, or physical condition. Tenant shall make its accommodations and services available to all persons on equal and reasonable terms.

28. Entry by Landlord. Landlord and its agents shall be entitled to enter into and upon the Premises at all reasonable times, upon reasonable notice (except in the case of an emergency, in which event no notice shall be required), for purposes of inspecting or making repairs, alterations or additions to all or any portion thereof, or any other part of the Building, including the erection and

maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-responsibility for alterations, additions, or repairs, and during the one hundred eighty (180) day period prior to the expiration of this agreement to place upon the Premises any usual or ordinary "for rent" signs and exhibit the Premises to prospective tenants at reasonable hours, all without any abatement of rent and without liability to Tenant for any injury or inconvenience to or interference with Tenant's business, quiet enjoyment of the Premises, or any other loss occasioned thereby.

29. General.

(a) Entire Agreement. This agreement contains all of the terms, covenants, and conditions agreed to by Landlord and Tenant and it may not be modified orally or in any manner other than by an agreement in writing signed by all of the parties to this agreement or their respective successors in interest.

(b) Covenants and Conditions. Each term and each provision of this agreement performable by Tenant shall be construed to be both a covenant and a condition, all of which conditions shall be for the sole benefit of Landlord.

(c) Binding on Successors. The covenants and conditions hereof, subject to the provisions as to subletting and assignment, shall apply to and bind the heirs, successors, executors, administrators, sublessees, and assigns to the parties.

(d) Joint and Several Liability. All persons who have signed this agreement shall be jointly and severally liable hereunder.

(e) Gender. When the context of this agreement requires, the masculine gender includes the feminine, a corporation, or a partnership, and the singular number includes the plural.

(f) Captions. The captions of the numbered and lettered paragraphs of this agreement are for convenience only and are not a part of this agreement and do not in any way limit or amplify the terms and provisions of this agreement.

(g) Governing Law. This agreement shall be governed by and construed in accordance with the laws of the State of California.

(h) Time of Essence. Time is of the essence as to all of the provisions of this agreement.

(i) Partial Invalidity. If any term, covenant, condition, or provision of this agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

(j) Relationship. Tenant shall not be an agent of Landlord for any purpose, and nothing in this agreement shall be deemed to create a partnership relationship between Tenant and Landlord.

(k) No Recordation. Tenant shall not record either this Agreement or a short form memorandum of this agreement.

(l) Calendar Days. All references herein to "days" shall mean calendar days unless otherwise stated.

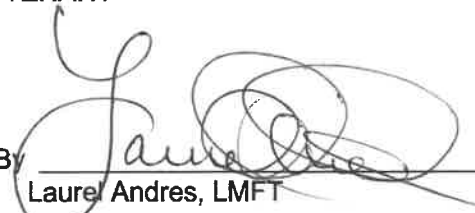
IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first above written.

"LANDLORD"

SANTA CRUZ PORT DISTRICT  
COMMISSION,  
a political subdivision

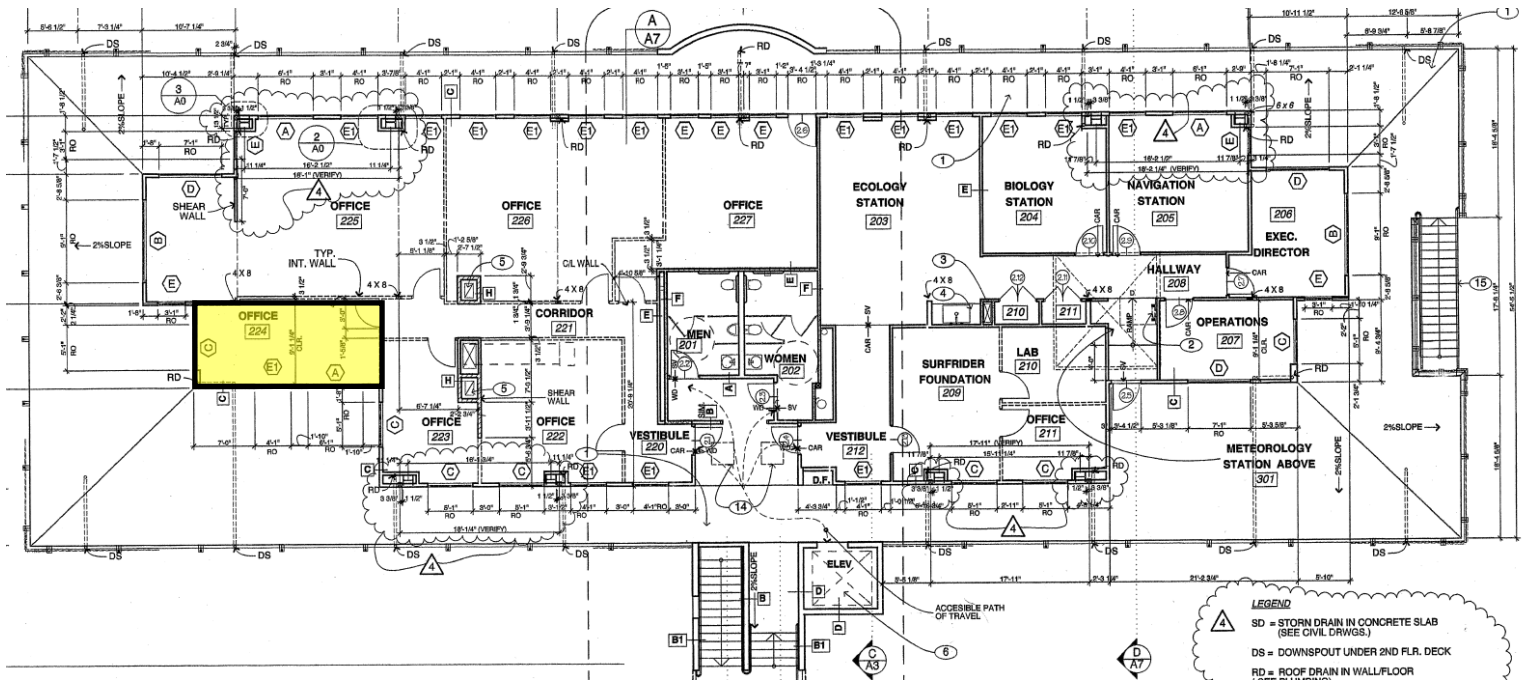
By \_\_\_\_\_  
Holland MacLaurie, Port Director

"TENANT"

By  \_\_\_\_\_  
Laurel Andres, LMFT

# PREMISE MAP

Laurel Andres, LMFT  
2222 East Cliff Drive, Suite 204





TO: Port Commission  
FROM: Holland MacLaurie, Port Director  
DATE: July 11, 2023  
SUBJECT: Approval of Slip Allocation from Pacific Yachting and Sailing to Chardonnay Sailing Charters, LLC

**Recommendation: Approve slip allocation.**

## BACKGROUND

At its regular public session on May 23, 2017, the Commission awarded a long-term lease to Chardonnay Sailing Charters, LLC (Chardonnay) for 790 Mariner Park Way (Attachment A). The Lease Agreement provided one slip for the vessel *Chardonnay II* (FF24), and the use of two slips from the Pacific Yachting and Sailing Program<sup>1</sup> (FF21 and FF22) which were combined into one 80' slip for the vessel *Chardonnay III*.

Chardonnay operated both charter vessels out of the harbor up until August 1, 2020, when *Chardonnay III* was voluntarily retired from the program and relocated to Monterey. In accordance with Section 7(a) of the Lease Agreement, the two previously combined 40' slips (FF21 and FF22) were returned to the Pacific Yachting and Sailing charter program inventory.

On June 20, 2023, Jim Beauregard, owner / operator of Chardonnay, submitted a request to return *Chardonnay III* to Santa Cruz Harbor and resume charter operations in accordance with terms outlined in the current Lease Agreement. To accommodate this request, Commission approval is required to allocate two 40' slips (FF21 and FF22) from Pacific Yachting and Sailing to Chardonnay Sailing Charters, LLC (slips will be combined into one 80' slip for the vessel *Chardonnay III*).

## ANALYSIS

From 2017 to 2020, Chardonnay simultaneously operated two charter vessels<sup>2</sup> from the FF-Dock area, with manageable impacts on the Port District's operation. If the request presented before the Commission is approved, the following lease provisions remain applicable:

### Parking:

Tenant is responsible for managing parking in accordance with the lease and operating plan. Specifically:

- Chardonnay Sailing Charters: Customers groups (defined as 20 or more passengers booked together) boarding the sailing vessel *Chardonnay II* shall arrive and depart by bus during Wednesday Night Sailboat Races; Thursday Night Beach Barbecues; holidays and weekends during peak season. Customer groups boarding *Chardonnay III* shall arrive and depart by bus. Bus parking will be off-site. Peak season is defined as April 1 to October 31.

<sup>1</sup> Pacific Yachting and Sailing is owned by Chardonnay Sailing Charters, LLC.

<sup>2</sup> *Chardonnay II* (49-pak rating) and *Chardonnay III* (39-pak rating).

Murray Street Bridge Project:

The current lease agreement provides that one of the vessels will relocate outside of the harbor during the Murray Street Bridge project unless a suitable sublet is obtained and approved for the second vessel by the Port Director. The displaced vessel may not operate as a charter during any sublease or visitor berthing accommodations, unless otherwise approved by the Port Commission (Section 7(d)).

Waiting List Bypass Fee:

A south harbor waiting list bypass fee will apply. In accordance with Section 6(c) of the Lease Agreement, Chardonay will pay the six thousand dollar (\$6,000) annual south harbor waiting list bypass fee for the slip (combined slips FF21 and FF22 or other comparable slip assignment) occupied by sailing vessel *Chardonay III*.

If approved, all terms of the lease and all rights and obligations of Landlord and Tenant thereunder, remain in full force and effect, and are not otherwise altered, amended, revised, or changed.

**IMPACT ON PORT DISTRICT RESOURCES**

On an annualized basis, approving the reallocation of slips FF21 and FF22 and permitting *Chardonay III* to resume operations in the harbor is expected to generate at a minimum \$30,000 in new revenue to the Port District (\$24,000 base charter fee + \$6,000 waiting list bypass fee). Slip rent and utility fees are charged at market rental rates and not calculated as new revenue.

- ATTACHMENTS:
- A. Lease Agreement & Operating Plan – Chardonay Sailing Charters, LLC
  - B. Letter of Request dated June 20, 2023



LEASE BETWEEN  
SANTA CRUZ PORT DISTRICT COMMISSION,  
AS LANDLORD  
AND  
CHARDONNAY SAILING CHARTERS, LLC  
AS TENANT  
FOR CHARDONNAY SAILING CHARTERS, BUSINESS LOCATED  
IN SANTA CRUZ HARBOR  
AT 790 MARINER PARK WAY, SUITE A, SANTA CRUZ  
DATED: JUNE 1, 2017

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List of Exhibits

- Exhibit "A" Premises Map and Diagram
- Exhibit "B" Personal Guaranty

Appendices

- Appendix 1 Operating Plan dated April 11, 2017
- Appendix 2 Slip License Agreement (standard form)

**SANTA CRUZ PORT DISTRICT  
LEASE**

THIS LEASE is made and entered into effective as of June 1, 2017, ("Effective Date"), by and between the SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision, 135 5th Avenue, Santa Cruz, California, 95062, hereafter referred to as "Landlord," and CHARDONNAY SAILING CHARTERS, LLC, hereafter referred to as "Tenant."

RECITALS:

A. Landlord is the owner of those certain premises ("Premises") consisting of approximately 100 square feet (SF) of improved building space ("Building") at 790 Mariner Park Way, Suite A (the "Building"), on the west side of Santa Cruz Harbor in the City and County of Santa Cruz, State of California. The Building and the Premises are more particularly shown and described in Exhibit A attached hereto and incorporated herein by this reference.

B. Tenant is currently doing business as Chardonnay Sailing Charters, located 790 Mariner Park Way, Suite A, Santa Cruz, California, in the Premises under an existing lease that will be superseded and replaced with this Lease.

All references to the sailing vessels in the charter program, *Chardonnay II* and *Chardonnay III* shall mean and refer to the vessels *Chardonnay II* and *Chardonnay III* or suitable replacement vessel.

C. The Building has been improved to allow operation of a sailing charter office in the Premises. The patio/sidewalk/deck areas adjacent to the Building are not included in the Premises. Use of any exterior areas for outdoor seating, storage, merchandise displays or any other purpose is subject to review and approval by the California Coastal Commission at Tenant's sole expense and is subject to Landlord's approval and written modification of this Lease.

E. Tenant is operating a charter business that has previously been approved by the Port Commission and occupies one or more slips pursuant to one or more Slip License Agreements. This Lease is intended to modify the terms under which Tenant is permitted to operate its charter business and is intended to supplement and complement the Slip License Agreement(s).

F. Landlord desires to lease the Premises to Tenant for the operation of a charter office therein pursuant to the terms and provisions set forth herein.

NOW, THEREFORE, in furtherance of the foregoing, and in consideration of the mutual covenants contained herein, Landlord and Tenant hereby agree as follows:

1. Lease of Premises. Landlord hereby leases the Premises to Tenant, and Tenant leases the Premises from Landlord, for the term, at the rental, and upon the other terms and conditions contained herein.

2. Tenant Improvements. Tenant shall purchase at its expense, and install or construct on the Premises, at its sole cost and expense, any equipment, furnishings and improvements required for the operation of a charter office to properly conduct the business. All proposed improvements must be pre-approved, in writing by Landlord, and properly permitted by the City of Santa Cruz prior to construction or installation.

3. Term:

(a) Term. The term of this Lease commences as of June 1, 2017, and shall continue hereunder until midnight on May 31, 2022, for a total of five (5) years, unless sooner terminated as provided herein. The term of this Lease is hereinafter referred to as the "Lease Term" or "Term."

The Slip License Agreement (Appendix 2), Section 6(a), provides for termination of the Slip License Agreement by either party with 30 days' prior written notice. Tenant has a Slip License Agreement for one 70' slip (FF24) in the Chardonnay Sailing Charter program. Landlord acknowledges that the charter business cannot operate without the slip. If Landlord exercises slip termination as provided in the Slip License Agreement, Tenant may terminate the current Lease Term within 30 days of receipt of any Slip License Agreement termination notice served by Landlord. Tenant-exercisable termination of the Lease Term does not include slip displacement due to the Murray Street Bridge Retrofit Project [Section 7(d)] or other slip reassignment. The Lease Term shall remain in full force and effect in the event of voluntary termination of the slip license agreement by Tenant.

(b) First Option to Extend Lease. Provided that Tenant is not in default of any part of this Lease, Tenant shall have the option to extend the lease until May 31, 2027. Tenant may exercise the option, thereby extending the Lease to May 31, 2027, provided that Tenant is not then in default of any of the terms or conditions under this Lease. Tenant shall notify Landlord of its exercise of the option to extend the Lease Term no earlier than June 1, 2021, and no later November 30, 2021.

4. Title to Improvements. Free and clear title to any and all improvements and fixtures purchased or constructed by Tenant and installed upon the Premises shall upon such termination vest in Landlord without additional cost or expense to Landlord, and Tenant shall execute such additional documents as Landlord may reasonably require effectuating such transfer of title.

5. Rent.

(a) Fixed Minimum Rent ("Base Rent"). Beginning on June 1, 2017, Tenant shall pay to Landlord each month a fixed amount of rent ("Fixed Minimum Rent") for the Premises which shall initially Three Hundred Thirty-One Dollars (\$331.00) per month (\$3,972.00 per year).

(b) Adjustments to Base Rent. On April 1, 2018, and each year thereafter on April 1 (adjustment date) for the term of this Lease, and for each year during any option period exercised, the Base Rent in effect for the month immediately preceding the adjustment date shall be adjusted in accordance with the increase in the San Francisco-Oakland-San Jose Consumer Price Index (All Items) for the preceding calendar year. In no event shall the Base Rent be decreased below the Base Rent for the previous year.

(c) Additional Rent. In addition to Fixed Minimum Rent, Tenant shall pay Per Passenger Charter Fees for operating its charter business and shall pay slip license fees for using slips in the harbor, and other fees as provided elsewhere in this Lease and/or pursuant to Slip License Agreement(s), all as Additional Rent.

The Per Passenger Charter Fee shall not apply to donated or complimentary tickets, and is understood to apply to all references to the Per Passenger Charter Fee throughout the Lease.

(d) Books and Records. Tenant shall keep upon the Premises or at Tenant's principal office true and complete records and accounts, including records of bank deposits, respecting the charter business operated by Tenant from the Premises and all other individuals, corporations and other entities in at or from the Premises, and of all services rendered by Tenant in, at, and from the Premises. Said books and records shall include complete recordation of Tenant's Gross Income and charter vessel ridership manifests for purposes of calculating any Per Passenger Charter Fees due hereunder. Manifests shall include a complete recordation of all donated or complimentary tickets, which are not subject to the Per Passenger Charter Fee. Tenant agrees to give Landlord access during normal business hours to Tenant's books and records. Landlord shall have the right at any time and from time to time to audit all of the books of account, records, charter vessel ridership manifests, and bank statements of Tenant relating to Tenant's sales and Gross Income, and Tenant, on request of Landlord, shall make all such records available for examination by Landlord, or Landlord's duly authorized representative, at the Premises or at Tenant's principal office. Tenant shall keep all such records for a period of at least four (4) years after the end of the lease year to which records relate.

Tenant agrees by September 1<sup>st</sup> of each calendar year during the lease term to submit to Landlord a statement of Gross Income and charter vessel ridership manifests for the preceding lease year prepared and certified by a responsible representative of Tenant. The receipt by Landlord of any such statement or of any payment of Per Passenger Charter Fees for any period shall not bind Landlord as to the correctness of such statement or of the amount of such payment. Within four (4) years after the receipt of any such statement, Landlord shall be entitled to cause an independent audit of the Gross Income and charter vessel ridership manifests from the Premises to be made by a certified public accountant to be designated by Landlord. Such audit shall be limited to a determination of the Gross Income and Per Passenger Charter Fees, shall be conducted during normal business hours, and shall occur either at the Premises or at the principal place of business of Tenant or Landlord. If it shall be determined as a result of such audit that there has been a deficiency in the payment of Per Passenger Charter Fees due, then such deficiency shall become immediately due and payable with interest at the maximum rate then allowable by law from the due date. Payment of such interest shall not excuse or cure any default by Tenant under this Lease. If such audit shall disclose an additional liability for Per Passenger Charter Fees as a result of any understatement, then Tenant shall pay all of Landlord's reasonable costs and expenses connected with such audit. If such audit shall disclose an understatement of Gross Income or vessel ridership by more than two percent (2%), the Landlord may, in addition to any other remedies it has at law or in equity, terminate this Lease by written notice to Tenant given within thirty (30) days after Landlord's receipt of the audit report.

(e) Payment of Fixed Minimum Rent. The Fixed Minimum Rent shall be payable monthly in advance, without notice, offset, or abatement, by the first day of each calendar month of the Lease Term. All rent and other sums payable by Tenant hereunder shall be paid to Landlord in



currency of the United States of America (or by personal check unless Landlord otherwise notified Tenant) at Landlord's address set forth in Paragraph 24 hereof, or at such other place as Landlord may from time to time designate in writing.

(f) Delinquent Payment. Rent payments received on or after the fifth (5<sup>th</sup>) day of the month shall be deemed Delinquent Payments. A delinquency fee in the then current amount as set by the Landlord's Board of Port Commissioners shall be applied to any delinquent payment. In addition, interest in the then current amount as set by the Landlord's Board of Port Commissioners shall be applied on the 1<sup>st</sup> day of each month to the unpaid balance until paid in full.

(g) Personal Guarantee. All amounts due under this Lease and any amendments to this Lease entered into by and between Landlord and Tenant shall be subject to the personal guarantee attached here to as Exhibit B and incorporated herein by this reference.

The term "lease year" means the period during the lease term commencing on April 1 of each year and ending at midnight on March 31 of the next succeeding calendar year. The term "lease month" means the period from the 1<sup>st</sup> day of each calendar month during the lease term through the last day of the calendar month.

6. Fees. Tenant shall pay the following fees to Landlord as Additional Rent:

(a) Per Passenger Charter Fee. A charter fee of \$2 per passenger ("Per Passenger Charter Fee") will apply to each vessel in the Chardonnay Sailing Charter program operated from the Premises and the slips utilized by Tenant in the harbor, reportable and payable on a monthly basis by the 20<sup>th</sup> of the following month. The Per Passenger Charter Fee is subject to review and change by the Port Commission from time-to-time as and when it updates its Fee Schedule.

(b) Base Fee. A Base Fee shall be payable monthly in advance, without notice, offset, or abatement, by the first day of each calendar month of the Lease Term. Base Fee payable by Tenant shall be paid to Landlord in the amount of Two Thousand Dollars (\$2,000) per month per vessel for a total of Twenty-Four Thousand (\$24,000) Dollars per vessel per year, i.e. Forty Eight Thousand Dollars (\$48,000) annually for the two vessels that Tenant intends to operate. Base Fee applies as a credit toward the Per Passenger Charter Fee. Base Fee shall be reported and paid monthly, and reconciled annually. In no event shall the Base Fee be less than Twenty-Four Thousand (\$24,000) Dollars per vessel per year [\$48,000 for the two vessels; not less than \$2,000 per month per vessel]. The Base Fee shall be pro rated in the event Tenant does not maintain two vessels for the entire year.

(c) South Harbor Waiting List Bypass Fee. Tenant shall pay the Six Thousand Dollar (\$6,000) annual South Harbor waiting list bypass fee for the slip (combined slips FF21 and FF22 or other comparable slip assignment) occupied by sailing vessel *Chardonnay III* until such time as Tenant would have eligible to secure the slip for *Chardonnay III* through the normal waiting list process. The South Harbor Waiting List Bypass Fee shall be subject to review and change by the Port Commission from time-to-time as and when it updates its Fee Schedule.

(d) Slip Fees. Slip fees shall be payable for the use of all slips occupied by Tenant's charter vessels in accordance with Slip License Agreement (Appendix 2) in accordance with current

rates adopted by the Port Commission as set forth in the Port's Fee Schedule. Slip fees are subject to review and change by the Port Commission from time-to-time as and when it updates its Fee Schedule.

7. Use.

(a) Permitted Uses. Tenant shall use the Premises solely for the business of conducting therein a sailing charter operation, providing a vibrant, sustainable 49-pak sailing vessel charter operation. Tenant shall not use, or permit to be used by others under Tenant's control, areas not included in the Premises for any purpose, unless otherwise authorized by Landlord. Tenant has a Slip License Agreement for one 70' slip (FF24) in the Chardonay Sailing Charter program. The sailing charter program doing business as (dba) Pacific Yachting and Sailing, 790 Mariner Park Way, Suite B, Santa Cruz, may assign two 40' slips (FF21 and FF22) from its program for use by Chardonay Sailing Charters for conversion into a single 80' slip to accommodate the sailing vessel *Chardonay III*, subject to executing a Slip License Agreement for those two slips, to provide charter service in accordance with the Operating Plan dated April 11, 2017, by Chardonay Sailing Charters, LLC (Appendix 1). Such assignment shall increase Chardonay Sailing Charter's slip inventory to two slips. Tenant shall not expand number or size of vessels or slips in the Chardonay Sailing Charters without Port District Commission approval.

In accordance with Port District Ordinance Section 302(e), unless otherwise approved by the Port District Commission, if the charter program dba Pacific Yachting and Sailing is no longer owned or controlled or operated by Chardonay Sailing Charters, LLC, then all 11 slips in the Pacific Yachting and Sailing program revert to the Port District, including the two combined 40' slips (FF21 and FF22) used by the sailing vessel *Chardonay III*.

If the sailing vessel *Chardonay III* ceases chartering operations, then the two slips (FF21 and FF22) shall be returned to the Pacific Yachting and Sailing charter program inventory as two 40' slips or revert to the Port District as described in the previous paragraph.

(b) Provision of Services. Tenant shall maintain the necessary personnel, facilities and equipment at all times during the Lease Term to conduct a sailing charter business on the Premises. Tenant shall operate the business in accordance with the Operating Plan dated April 11, 2017 (Appendix 1), and the Santa Cruz Port District Slip License Agreement. Any failure to perform in accordance with the Operating Plan or any violation of a Slip License Agreement shall constitute a default of this Lease, the Slip License Agreements and the charter operating permit.

(c) Continuous Use. Tenant shall continuously and uninterruptedly during the Lease Term during all normal business hours and on such days as a majority of the other businesses in the Santa Cruz Small Craft Harbor are open for business, occupy and use the Premises and the slips for the purpose of operating a sailing charter operation, except as outlined in Section 8(d) "Murray Street Bridge Retrofit." Tenant shall at all times employ its best business judgment, efforts, and abilities to so operate the business conducted by Tenant on the Premises in a manner calculated to service adequately the public demand for the goods and services included within the business permitted herein.

(d) Murray Street Bridge Retrofit. Either *Chardonay II* or *Chardonay III* shall be

required to leave the Santa Cruz Harbor during the Murray Street Bridge Retrofit construction project performed by the City of Santa Cruz, unless a suitable sublet is obtained and approved for the second vessel by the Port Director. The displaced vessel shall cease operating as a charter during any sublease or visitor berthing accommodations; however, if a suitable sublet is secured by Tenant, Chardonnay Sailing Charters, LLC may submit a business proposal for continued charter operations for consideration by the full Commission. Tenant is advised that Port District Ordinance Section 302(b) states that the Port Commission shall be sole judge in granting consent for a slip to be used for business use and its decision shall be final. Tenant is advised that Port District Ordinance Section 302(b) does not authorize transfer of a slip license for purposes of business use, so no guarantee of continued charter operation for the displaced vessel is implied. Port District shall endeavor to give a minimum of 60 days' notice prior to vessel needing to vacate FF dock for the City retrofit project.

If berthed outside of Santa Cruz Harbor during the bridge construction project, charter and slip fees and the Slip License Agreement shall be temporarily suspended for the displaced sailing vessel.

If a suitable sublet is obtained for the displaced vessel, Chardonnay Sailing Charters, LLC may submit a business proposal for continued charter operation for consideration by staff, with right of appeal to the Santa Cruz Port District Commission, if the request is denied; however, no continued operation is promised or implied by willingness to review such proposal, and Tenant is advised that such operation is currently disallowed by Port District ordinance.

Base Fee and Per Passenger Charter Fee shall be due and payable for any vessel operated as a charter from the harbor during the retrofit project. The Base Fee shall be pro rated for any partial month during which one of the two vessels is not allowed to operate as a charter during the retrofit project.

Rent for the landside premises shall remain in effect during the Murray Street Bridge Retrofit project.

(e) Passenger Loading / Unloading. All passenger loading and unloading shall occur at FF dock, except during Murray Street Retrofit project when the Port Director shall designate an alternate loading/unloading site. No alternative loading / unloading sites will otherwise be made available except by special permit.

(f) Refuse Disposal. Tenant shall be entitled to use refuse facilities provided in the concession parking lot for the disposal of dry refuse generated from Tenant's operations on the Premises, which facilities shall be situated at the location designated from time to time by Landlord. Tenant shall collect, sort and recycle refuse materials in accordance with the City of Santa Cruz Solid Waste and Recycling requirements.

(g) Prices. Tenant shall at all times maintain a complete list or schedule of the prices charged for all goods or services, or combinations thereof, supplied to the public. Said prices shall be fair and reasonable, considering current market conditions.

In the event that the Port Director of the Santa Cruz Port District (the "Port Director") notifies Tenant that any of said prices are not fair and reasonable, Tenant shall have the right to reasonable

conference and consultation with the Port Director. After consultation with Tenant, if the Port Director determines that any of said prices are not fair and reasonable, the same shall be modified by Tenant as directed. Tenant may appeal the determination of the Port Director to the Santa Cruz Port District Commission, whose decision shall be final and conclusive. Pending such appeal, the prices fixed by the Port Director shall be the maximum charged by Tenant.

(h) Hazardous Materials.

(i) No goods, merchandise, or materials shall be kept, stored, or sold in such a manner as to create any unusual hazard on the Premises; and no offensive or dangerous trade, business, or occupation shall be conducted thereon, and nothing shall be done on the Premises which will cause an increase in the rate of or cause a suspension or cancellation of the insurance upon the Premises or upon adjacent properties or improvements thereon.

(ii) No machinery or apparatus shall be used or operated on the Premises which will in any way injure the Premises, or adjacent properties or improvements thereon.

(iii) Tenant, at its sole cost and expense, shall comply with all Laws (as defined herein) affecting the Premises relating to the storage, placement, use and disposal of Hazardous Materials by Tenant, its agents, employees, invitees or contractors. Tenant shall be solely responsible for and shall defend, indemnify, and hold Landlord and its agents harmless from and against any and all claims, judgments, losses, orders, demands, causes of action, directives from environmental regulatory agencies, costs and liabilities, including without limitation attorneys' fees and costs, arising out of or in connection with the storage, placement, use or disposal of Hazardous Materials on or about the Premises by Tenant, its agents, employees, or contractors.

(iv) If the presence of Hazardous Materials introduced to the Premises by Tenant, its agents, employees, invitees or contractors results in contamination or deterioration of any improvements, water, soil, or other environmental media, then Tenant, at its sole cost and expense, shall promptly take any and all action necessary to investigate and clean up such contamination.

(v) The term "Laws" shall mean any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any municipal, county, state, federal or other government agency or authority having jurisdiction over the parties to this Lease or the Premises, or both, in effect either at the date this Lease is fully executed or any time during the Term of this Lease.

(vi) As used herein, the term "Hazardous Materials" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States government. The term "Hazardous Materials" includes, without limitation, any material or substance which is (A) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 30, (B) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S. C. Section 6901 et seq. (42 U.S.C. Section 6903), or (C) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 9601).

(vii) The obligations of Tenant under subparagraphs 6(e)(i) through 6(e)(vii) shall survive the expiration of the Lease Term.

(viii) Tenant shall indemnify Landlord from any damages suffered by Landlord, including, without limitation, cleanup costs, as a result of the generation, use, storage, transport or release of Hazardous Materials by Tenant in, on or about the Premises or the Property. Prior to bringing or allowing any Hazardous Materials to be brought onto the Premise, Tenant shall notify Landlord as to the identity of said materials and the safeguards to be used in connection therewith. Landlord shall be entitled, in its sole discretion, to refuse to allow Hazardous Materials to be brought onto the Premises. Landlord's consent to the introduction of any hazardous material onto the Premises (i) shall not release Tenant from its duty to indemnify Landlord for any damages resulting from such materials, (ii) shall not be deemed to waive Landlord's right to disapprove of any subsequent introductions of hazardous materials onto the Premises whether of the same or of a different nature than the material to which Landlord consented, and (iii) may be revoked at any time, in Landlord's sole discretion, whereupon Tenant shall remove such materials from the Premises within five days of receipt of Landlord's demand for removal. In all events, if any hazardous materials become located upon the Premises for any reason other than as consented to by Landlord in accordance with the foregoing procedure, Tenant shall immediately notify Landlord as to the same.

(i) Effect on Navigable Waters. Under federal law, no construction, installation, dredging, filling, or other activity which would have an effect on navigation may be conducted in or adjoining navigable waters without a permit therefore first being issued by the Secretary of the Army. The Port Director in his/her sole discretion determines whether any proposed facility of Tenant may be construed to have an effect on navigation. In the event the Port Director so determines, Tenant shall prepare at its expense a permit application for submittal by Landlord in Landlord's name to the Corps of Engineers, United States Army. The permit application shall be prepared in strict conformity with regulations published by the United States Army.

(j) Non-permitted Uses. Tenant shall not permit the Premises to be used for any purpose not described in Paragraph 6(a), or for any unlawful purpose; and Tenant shall not perform, permit, or suffer any act of omission or commission upon or about the Premises which would result in a nuisance or a violation of the laws and ordinances of the United States, State of California, or City of Santa Cruz, as the same may be now or hereafter in force and effect. Without limiting the generality of the foregoing, Tenant specifically agrees not to cause or permit generation of unreasonable levels of noise from any activity on the Premises which might disturb live-a-board slip licensees or residential neighbors of the Port District from 10 p.m. until 6:00 a.m. each day during the Lease Term.

(k) Compliance with Laws. Tenant shall abide by all applicable Laws, rules, codes, regulations, resolutions, ordinances and statutes of Landlord, the City of Santa Cruz, County of Santa Cruz, California Coastal Commission, State of California, or other governmental body where applicable, respecting the use, operation, maintenance, repair or improvement of the Premises and equipment therein, and shall pay for any and all licenses or permits required in connection with the use, operation, maintenance, repair, or improvement of the Premises. Landlord shall have no responsibility for obtaining any such licenses or permits, and shall have no liability to Tenant (nor shall Tenant have any right to terminate the Lease or receive abatement of rent or other charges) if Tenant, for any reason, is

unable to obtain any such permits. Tenant acknowledges that Landlord has made no warranties or representations to Tenant regarding the suitability of the Premises for Tenant's intended use, and Tenant waives all claims against Landlord regarding the suitability of the Premises for Tenant's intended uses.

8. Ownership of Improvements.

(a) Title. All structures, buildings, improvements, additions, and fixtures now existing or hereafter constructed, erected, or installed in or upon the Premises, and all alterations and additions thereto, shall be deemed a part of the Premises and title shall be vested in Landlord, and upon expiration or sooner termination of the Lease Term shall remain upon and be surrendered with the Premises as part thereof.

(b) Liens. Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. Tenant shall indemnify and hold Landlord harmless against liability, loss, damage, cost, and all other expenses (including but without limitation, attorneys' fees) arising out of claims of lien for work performed or materials or supplies furnished at the request of Tenant or persons claiming under Tenant.

9. Construction of Improvements.

(a) No Landlord Improvements. Landlord shall not be obligated to install or construct any improvements, additions, or alterations (collectively "improvements") on the Premises during the Lease Term.

(b) Tenant Improvements. All improvements, additions, or alterations Tenant may desire in the future shall be done in accordance with the provisions of this Paragraph 8(b). Tenant shall not construct any improvements to or modify the Premises in any way without the prior written consent of Landlord which shall not be unreasonably withheld. Any improvements to the Premises which are permitted by Landlord shall be installed or constructed by Tenant at Tenant's sole cost and expense; provided that, before commencing the installation or construction of any improvements on the Premises Tenant shall submit to Landlord, for Landlord's approval, final plans, specifications, and a site plan prior to applying for any permits for such improvements. Upon obtaining Landlord's approval, Tenant shall not amend or otherwise change such plans, specifications, or site plan without first obtaining Landlord's approval of such amendment or change. Tenant shall be solely responsible for obtaining all other governmental permits or approvals required for the installation or construction of any such improvements to the Premises, including, but not limited to, Coastal Commission approval, and approval of the City or County of Santa Cruz, and Landlord shall have no liability whatsoever for Tenant's inability or failure to obtain any such permits or approvals, and shall provide same to Landlord prior to commencing any work.

Tenant shall give at least fifteen (15) days' advance notice to Landlord before actually commencing any improvement work on the Premises so that Landlord can post a notice of non-responsibility, if Landlord so chooses. Tenant shall call Landlord to request inspections at regular intervals as determined by Landlord, but in no event less than biweekly. Upon completion of any such improvements, Tenant shall deliver to Landlord a complete set of "as-built" plans respecting such

improvements. Tenant shall use licensed and insured contractors. Contractor's insurance shall at a minimum meet the requirements in Section 10.

10. Taxes and Assessments.

(a) Payable by Tenant. Tenant shall pay directly to the taxing authority during each year or partial year during the Term hereof, all real and personal property taxes, general and special assessments, use and possessory taxes, environmental protection charges, and other charges of every kind or description whatsoever, foreseen or unforeseen, levied on or assessed against the Premises, improvements or personal property therein, the leasehold estate or any subleasehold estate permitted by Landlord. Tenant shall pay each installment of such taxes and assessments prior to the date such installment becomes delinquent. The taxes and assessments to be paid by Tenant hereunder shall be prorated at the end of the Lease Term, in order that Tenant will pay only the proportionate part of said taxes and assessments attributable to the period of the Lease Term. Tenant shall pay all supplemental or escape assessment levied or assessed against the Premises.

(b) Substitute Taxes. If at any time during the Lease Term, under the laws of the United States of America, the State of California, or any political subdivision thereof in which the Premises are located, a tax on rent or other charge by whatever name called, is levied, assessed, or imposed against Landlord, or against the rent payable hereunder to Landlord, as a substitute in whole or in part for any of the taxes described in Paragraph 9(a), Tenant, to the extent such substitute tax or other charge relieves Tenant from the payment of taxes provided for herein, shall pay such tax or other charge in the manner provided in this Paragraph 9.

11. Insurance.

(a) Landlord's Insurance. Landlord shall procure and maintain in full force and effect at all times during the Term of this Lease, fire and extended coverage insurance satisfactory to Landlord covering the Premises and all improvements therein in an amount not less than eighty percent (80%) of the actual replacement cost thereof. The insurance provided for in this Paragraph 10(a) shall, in Landlord's sole and absolute discretion, provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils ("special form"), and loss of rents covering Base Rent for a period of up to twelve (12) months, and shall contain an inflation endorsement. Insurance proceeds thereunder shall be payable to Landlord. Landlord shall have no obligation to insure against loss by Tenant to Tenant's leasehold improvements, fixtures, furniture, or other personal property in or about the Premises occurring from any cause whatsoever and Tenant shall have no interest in the proceeds of any insurance carried by Landlord. Landlord shall be entitled to carry any such insurance in the form of a blanket policy covering property in addition to the Premises. Landlord may, at Landlord's sole discretion, bill Tenant for the cost of the above described insurance in an amount proportional to the square footage of the Premises as calculated from Landlord's inventory of insured spaces and the premiums charged by Landlord's insurer for all of the square footage of buildings covered by such insurance policy. The Tenant's share of such insurance premiums shall be Additional Rent and shall be payable within fifteen (15) days of receipt of an invoice for such Additional Rent. Landlord, in its sole discretion, may allow Tenant to pay such Additional Rent in 12 equal monthly installments or may require Tenant to pay such Additional Rent in one installment.

(b) Tenant's Insurance. During the Term of the Lease, Tenant shall maintain, at its sole cost and expense, the following insurance policies:

(i) Property Insurance covering risks of loss normally insured under a "special form" policy, covering Tenant's leasehold improvements, fixtures, equipment, furniture and other personal property in or about the Premises. Landlord shall be a loss payee as its interests shall appear.

(ii) Commercial General Liability Insurance protecting Landlord and Tenant against liability for bodily injury and property damage, including contractual liability coverage and products liability, as well as "personal and advertising injury" liability occasioned by any occurrence in, on, about, or related to the Premises in an amount not less than Two Million Dollars (\$2,000,000) each occurrence and annual aggregate. Such policy shall also include liquor liability coverage. Tenant shall cause Landlord, its employees, elected officials, attorneys, agents and volunteers to be named as an additional insured under such policy.

(iii) Workers' Compensation and Employer's Liability Insurance as required by applicable law against liability arising on account of injuries or death to workers or employees on the Premises or any improvement of Tenant. Such workers' compensation insurance shall be in amounts at least equal to the maximum liability of Tenant, its agents, and contractors under the Workers' Compensation Insurance and Safety Act of the State of California and the Federal Longshore and Harbor Workers' Compensation Act, as applicable. Tenant shall also maintain Employer's Liability insurance with limits no less than One Million Dollars (\$1,000,000). Such insurance shall include a waiver of subrogation in favor of Landlord.

(iv) If Tenant commits permits or causes the conduct of any activity or the bringing or operation of any equipment on or about the Premises creating unusual hazards, Tenant shall promptly, upon notice from Landlord, procure and maintain in force during such activity or operation insurance sufficient to cover the risks represented thereby. Landlord's demand for unusual hazard insurance shall not constitute a waiver of Landlord's right to demand the removal, cessation or abatement of such activity or operation.

(v) Tenant shall procure, at Tenant's own cost and expense other insurance in amounts from time to time reasonably required by Landlord against other insurable risks if at the time they are commonly insured against for premises similarly situated and containing comparable improvements including, but not limited to, Builder's Risk Insurance during construction of any improvements.

(vi) All policies shall be placed with insurers admitted or eligible to do business in the State of California and rated A VIII or better by A.M. Best. All policies shall include endorsements stating that Landlord shall have at least thirty (30) days prior written notice of policy cancellation, or ten (10) days' notice in the event of cancellation for non-payment of premium. Tenant shall furnish Landlord with Certificates of Insurance showing evidence of the required insurance upon execution of this Lease and thereafter upon renewal or replacement of policies.

(c) Waiver of Subrogation. Tenant and Landlord each hereby waives any and all rights of recovery against the other, and against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any property insurance policy in force at the time of such loss or damage to the extent of the insurance proceeds actually paid in connection therewith. Tenant and Landlord shall, upon obtaining any of the policies of insurance required or desired hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of



rights of recovery is contained in this Lease, and shall each use their best efforts to cause the insurer for each such policy to waive in writing any rights of subrogation it may have against the other party.

(d) Submittal of Policies. Tenant agrees to deposit with Landlord, at Landlord's request, a copy of each such policy or policies required hereunder and to keep such insurance in effect and the policy or policies therefore on deposit with Landlord during the entire Term of this Lease.

(e) Review of Coverage. Landlord shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of Landlord, the insurance provisions in this Lease do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant to obtain (or may obtain at Tenant's expense) insurance sufficient in coverage, form and amount to provide adequate protection. Landlord's requirements shall be reasonable, but shall be designed to assure protection from and against the kind and extent of the risks which exist at the time a change in insurance is required. The procuring of such required policy or policies of insurance shall not be construed to limit Tenant's liability hereunder or to fulfill the indemnification provisions and requirements of this Lease. Notwithstanding said policy or policies of insurance, Tenant shall be obligated the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this Lease or with use or occupancy of the Premises.

(f) Changes in Coverage. Landlord shall give Tenant written notice of changes in the insurance requirement and Tenant shall deposit copies of acceptable insurance policies or Certificates of Insurance with Landlord incorporating such changes within sixty (60) days following receipt of such notice.

(g) Landlord's Remedies. In case of failure on the part of Tenant to procure or to maintain in effect any insurance which Tenant is required to carry as provided in this Paragraph 11, Landlord may, but is not required to, at its discretion, and in addition to any other remedies it may have upon failure of Tenant to procure or to maintain in effect any insurance which Tenant is required to carry as provided in this Paragraph 11, procure or renew such insurance and pay any and all premiums therefore and all monies so paid by Landlord shall be repaid by Tenant to Landlord upon demand.

## 12. Indemnification.

(a) Tenant's Hold Harmless. Tenant hereby indemnifies Landlord its employees, elected officials, attorney, agents and volunteers against and holds them harmless from any and all claims, damage, cost, liability, or expense, including but not limited to attorneys' fees and costs of suit, resulting from or arising out of Tenant's use of the Premises, Tenant's default in the performance of any obligation of Tenant under this Lease, any act or failure to act of Tenant or any employees, agents, contractors, customers, or other invitees of Tenant occurring in or about the Premises, or construction of any improvements by Tenant in the Premises. Such indemnification specifically includes without limitation any damage to property or injury or death to any person arising from the use of the Premises by Tenant or from the failure of Tenant to keep the Premises in good condition, order and repair. Tenant expressly agrees to exercise due care in the handling of fuel or any other flammable materials in, on, or around the Premises. Tenant shall maintain on the Premises adequate firefighting equipment, which shall remain under the use, control, maintenance, and repair of Tenant.

(b) Tenant's Waiver of Claims. Tenant hereby waives all claims against Landlord for damage to any property, goods, wares, or merchandise of Tenant stored in, upon, or about the Premises, and for injury to persons in, upon, or about the Premises from any cause whatsoever arising

at any time, except as may be caused by the willful misconduct of Landlord. Landlord shall not be liable to Tenant for any damage caused by any person, other than Landlord's personnel, in, upon, or about the Premises, whether a customer of Tenant or otherwise. Tenant expressly waives any claims against Landlord for damage to Tenant's business on the Premises or loss of goodwill or any other damage to Tenant arising from complete or partial closure of the Santa Cruz Harbor at any time and from time to time, whether such closure shall result from inclement weather, excess deposits of sand in the harbor, natural disaster or emergency or any other reason whatsoever. Landlord shall have no obligation or responsibility to prevent any such closures of the Santa Cruz Harbor; provided that, in the event any such closure shall be due to insufficient funding of Landlord, Landlord shall make a good faith effort to keep the Santa Cruz Harbor open during the portion of the year the public makes greatest use of harbor facilities.

(c) Landlord's Hold Harmless. Landlord hereby indemnifies and holds Tenant harmless from and against any and all damage to property or injury or death to any person and occurring in, on or about the "Public Areas" as shown and described on Exhibit "A" hereto, to the extent caused by Landlord's willful misconduct.

13. Maintenance and Repairs.

(a) Tenant's Obligations. Subject to Paragraph 16 below relating to damage and destruction, and subject to Landlord's maintenance responsibilities set forth in Paragraph 13(c) below, throughout the Term of this Lease Tenant shall, at Tenant's sole cost and expense, maintain the Premises and every part thereof, and all fixtures, machinery and equipment located in or on the Premises and utilized in the conduct of Tenant's business in first class condition, order and repair, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (1) municipal, county, state, federal, and other governmental agencies and bodies having or claiming jurisdiction of the Premises and all their respective departments, bureaus, and officials; and (2) all insurance companies insuring all or any part of the Premises or improvements or both. For purposes of this paragraph, the obligation to repair includes the obligation to replace as and when reasonably necessary. Without limiting the foregoing, Tenant at Tenant's sole cost shall maintain in good and safe condition, order and repair, and replace as and when necessary, all improvements made by Tenant to the Premises.

(b) Outside Areas. Tenant acknowledges that the cleanliness and neat and attractive appearance of the interior and exterior of the Building and all other areas of the Premises are a material concern of Landlord. Accordingly, Tenant shall continuously exercise diligence throughout the Lease Term in keeping the Premises and the area within a fifteen (15) foot radius of the Premises, clean, sanitary and attractive condition. Tenant shall arrange for regular and prompt disposal of garbage generated by Tenant's operations on the Premises, and shall not permit garbage or refuse to accumulate in or around the Premises. Tenant shall not cause or permit odors that Landlord in its reasonable discretion determines are offensive to emanate from the Premises.

(c) Landlord's Obligations. Notwithstanding anything to the contrary contained in this Paragraph 13, and subject to the provisions of Paragraph 16 below relating to damage and destruction, Landlord shall maintain in good condition, order and repair and replace if and when necessary:

- (i) the structural portions of the exterior walls of the Building;

(ii) the exterior surface of such walls and roof to the mid-way plane between the interior and exterior surfaces of such walls and roof, including exterior paint and texturing and the roof membrane, but excluding any plumbing, electrical or mechanical systems solely serving the Premises, and excluding repair or replacement of window breakage; and

(iii) the structural portions of the floor of the Building, including any plywood subfloor.

Landlord shall have no obligation to maintain or repair under this Paragraph 13(c) until a reasonable amount of time after receipt by Landlord of notice from Tenant of the need therefore, specifying the nature of the maintenance or repair needed.

14. Utilities. Tenant shall pay promptly as the same become due and payable all bills and costs for water, gas, electricity, telephone, cable, internet, sewer service charges, and any other utilities or services supplied to the Premises via separate meter as apportioned by Landlord. Tenant shall also pay for all costs and connection charges for services and/or utilities it desires expanded or added to those presently available for Tenant's use. Garbage service is included with Base Rent if all refuse and recycling is collected at existing bins in the harbor's parking areas. If additional garbage containers are required, Tenant shall arrange for bins and service from Santa Cruz Municipal Utilities at Tenant's sole cost and expense. Tenant shall use energy-saving fixtures wherever practicable, and shall cooperate in any conservation efforts undertaken by Landlord to reduce costs associated with utilities provided to Tenant at Landlord's expense. Landlord shall not be liable to Tenant for any interruption or failure of any utility or other services to the Premises.

15. Assignment, Subletting and Licensing.

(a) Permitted Assignments, Subleases and Licenses. Tenant shall be entitled to sublease or assign its interest in this Lease provided it first obtains Landlord's written consent thereto, which shall not unreasonably be withheld. In this connection, Tenant must demonstrate to Landlord's reasonable satisfaction that the proposed transferee, subtenant or licensee is financially creditworthy, has sufficient experience in running a sailing charter business, and will operate a business of the type and quality that Landlord determines is consistent with the permitted uses under this Lease and with the mix of businesses in the harbor and in a matter that supports the good reputation and image of Port District businesses as determined by Landlord. Any assignment or change in ownership that reduces Santa Cruz Seaside Company's interest to less than 50% ownership requires review / approval of Santa Cruz Port District Commission. No assignment, sublease or license respecting all or any portion of the Premises shall operate to release Tenant or any guarantor of its obligations hereunder, from liability for full performance of Tenant's obligations hereunder subsequent to the date of any assignment or sublease.

(i) Sublease Rents or License Payments. If at any time during the Term of this Lease Tenant subleases or licenses any portion of the Premises for any amount in excess of the Base Rent applicable at that time, Tenant shall pay to Landlord not less than 50% of the amount in excess of the Base Rent on a per square foot basis applicable at that time. Sublease Rents and License Payments shall be due and payable monthly in advance in accordance with Section 5 (f) of this Lease and shall be subject to delinquent fees in accordance with Section 5 (g).

(ii) Sublease Assignments and Subleases. No sublessee, licensee or assignee may sublease or assign any interest in the Lease without first obtaining Landlord's written consent thereto.

(b) Encumbrances. Tenant shall not encumber all or any portion of Tenant's interest in the Premises or in this Lease.

(c) Corporation or Partnership. The assignment, pledge for security purposes, or other transfer during the Lease Term of any class of voting stock or other controlling interest in said limited liability corporation (whether in a single transaction or a series of transfers) which in the aggregate exceeds fifty percent (50%) of such class of stock or other controlling interest shall be deemed to be an assignment within the meaning of this Lease. If Tenant becomes a partnership, and Landlord consents thereto, the assignment, pledge, for security purposes, or other transfer during the Lease term of any interest in the partnership of a general or limited partner thereof, shall be deemed an assignment within the meaning of this Lease.

16. Damage or Destruction.

(a) Partial Damage-Insured. Subject to the provisions of Paragraphs 16(b) and 16(c), if the Premises or any improvements therein are damaged, such damage involves damage to the Building to the extent of less than eighty percent (80%) of the then replacement value thereof (excluding excavations and foundations of the Building), such damage was caused by an act or casualty covered under an insurance policy provided for in Paragraph 10, and the proceeds of such insurance received by Landlord are sufficient to repair the damage (or in the event any lender shall require such insurance proceeds to be applied to pay any sums owed under its loan), Landlord shall at Landlord's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect.

(b) Partial Damage-Under or Uninsured. Subject to the provisions of Paragraphs 16(a) and 16(d), if at any time during the term hereof the Premises or any improvements are damaged, such damage involves damage to the Building to the extent of less than eighty percent (80%) of the then replacement value thereof (excluding excavations and foundations of the Building), and the insurance proceeds received by Landlord are not sufficient to repair such damage, or such damage was caused by an act or casualty not covered under an insurance policy, Landlord may at Landlord's option either (a) repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (b) give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right, within ten (10) days after receipt of such notice, to agree in writing on a basis satisfactory to Landlord to pay for the entire cost of repairing such damage less only the amount of insurance proceeds, if any, received by Landlord, in which event this Lease shall continue in full force and effect, and Landlord shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such ten (10) day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

(c) Total Destruction. If at any time during the term hereof either the Premises or the improvements contained therein are damaged from any cause, whether or not covered by the

insurance provided in Paragraph 10, and such damage involves damage to the Building to the extent of eighty percent (80%) or more of the replacement value thereof (excluding excavations and foundations of the Building), including any total destruction required by any authorized public authority, this Lease shall at the option of Landlord terminate as of the date of such total destruction. Landlord shall exercise its right to terminate this Lease by delivery of notice to Tenant within thirty (30) days after the date that Tenant notifies Landlord of the occurrence of such damage. In the event Landlord does not elect to terminate this Lease, Landlord shall at Landlord's expense repair such damage as soon as reasonably possible, and this Lease shall continue in full force and effect.

(d) Damage Near End of Term. If the Premises or the improvements therein are destroyed or damaged in whole or part during the last two (2) years of the term of this Lease, Landlord may at Landlord's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage.

(e) Abatement of Rent. Notwithstanding anything to the contrary contained elsewhere in this Lease, if the Premises are partially damaged and Landlord repairs or restores them pursuant to the provisions of this agreement Paragraph 16, the Base Rent (but not Base Fee) payable hereunder for the period commencing on the occurrence of such damage and ending upon completion of such repair or restoration shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired during the period of repair; provided that, nothing herein shall be construed to preclude Landlord from being entitled to collect the full amount of any rental loss insurance proceeds if such rental loss insurance is then carried with respect to the Premises. Except for abatement of rent, if any, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration. Tenant shall continue to pay Base Fee and Per Passenger Charter Fee so long as Tenant is operating its charter business.

(f) Waiver. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4), and any similar or successor statutes relating to termination of leases when the thing leased is substantially or entirely destroyed, and agrees that such event shall be governed by the terms of this Lease.

(g) Tenant's Property. Landlord's obligation to rebuild or restore shall not include restoration of Tenant's equipment, merchandise, or any improvements, alterations or additions made by Tenant to the Premises.

(h) Notice of Damage. Tenant shall notify Landlord within five days after the occurrence thereof of any damage to all or any portion of the Premises. In no event shall Landlord have any obligation to repair or restore the Premises pursuant to this Paragraph 16 until a reasonable period of time after Landlord's receipt of notice from Tenant of the nature and scope of any damage to the Premises, and a reasonable period of time to collect insurance proceeds arising from such damage (unless such damage is clearly not covered by insurance then in effect covering the Premises).

(i) Replacement Cost. The determination in good faith by Landlord of the estimated cost of repair of any damage, or of the replacement cost, shall be conclusive for purposes of this Paragraph 16.

17. Eminent Domain.

(a) Termination. In the event the whole or any part of the Premises is condemned in the lawful exercise of the power of eminent domain by any public entity, then this Lease shall terminate as to the part condemned on the date possession of that part is taken.

(b) Partial Taking Renders Economically Unfeasible. If only a part of the Premises is condemned, but such taking makes it economically unfeasible for Tenant to use the remainder of the Premises for the purposes contemplated by this Lease, then Tenant may, at its option, terminate this Lease as of the date possession of the condemned part is taken by giving written notice to Landlord of its intention within thirty (30) days following the date said possession is taken.

(c) Partial Taking with Business Continued. If only part of the Premises is condemned and this Lease is not terminated as set forth above, then this Lease shall, as to the condemned portion of the Premises, terminate as of the date possession of such portion is taken. The Base Rent shall thereupon be reduced in the same proportion that the area of the Premises taken bears to the initial total area of the Premises. The Base Rent, as so reduced, shall continue to be subject to adjustment in accordance with Paragraph 5 hereof.

(d) Repairs. Tenant shall, at its sole cost and expense and in a prompt and expeditious manner, make all necessary repairs or alterations to the remainder of the Premises so as to make them reasonably suitable for Tenant's continued occupancy for those uses and purposes contemplated by this Lease.

(e) Compensation. All compensation awarded or paid upon the total or partial taking of the fee title to the Premises or part of the Premises, or for the taking of all or any portion of the Premises, shall belong to Landlord. The Building and other improvements made by Landlord on the Premises at Landlord's expense shall belong to Landlord. Landlord shall not be entitled to any compensation paid to Tenant for costs incurred by Tenant in removing its furniture, equipment, and trade fixtures from the condemned Premises. Nor shall Landlord be entitled to any compensation paid to Tenant in the proceedings or action for such taking with respect to removal or relocation costs, or anticipated or lost profits (excluding the value of this Lease to Tenant) or damages to any personal property or detriment to the business of Tenant, or any special damages to Tenant (excluding the value of this Lease to Tenant).

18. Tenant Default. Tenant shall be deemed in default under this Lease upon occurrence of any of the following:

(a) Tenant fails to pay a monetary sum when due under this Lease (provided that Tenant shall not be deemed in default if Tenant pays such sum within 10 days after notice from Landlord that such sum is overdue; and provided further that, Tenant shall not be entitled to any such 10 day grace period or notice and shall be deemed in default immediately upon failure to so pay when due if Landlord has already delivered two notices of overdue payments within the immediately preceding 12 month period;

(b) Tenant fails to perform any of its other obligations under this Lease; provided that, if such failure is of the nature that it may be cured, Tenant shall not be deemed in default if Tenant cures such failure within 20 days after notice from Landlord of such failure;

(c) Tenant's interest in the Premises or the Lease, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions

of this Lease), including, without limitation, the filing of an action by or against Tenant, or by any member of Tenant if Tenant is a partnership or joint venture, under any insolvency or bankruptcy laws, or if Tenant makes a general assignment for the benefit of its creditors, or;

(d) Tenant vacates, abandons, or surrenders the Premises during the lease term.

(e) Tenant fails to comply with the Operating Plan dated April 11, 2017, or obtain any necessary permit or license or fails to comply with the terms and provisions of any Slip License Agreement. Tenant shall not be deemed in default if Tenant cures such failure within 20 days after notice from Landlord of such failure. Any failure to perform per the terms of the Operating Plan or Slip License Agreement shall be deemed in default immediately if Landlord has already delivered two notices of failure to perform within the immediately preceding 12 month period;

(f) Any default by Tenant under this Lease shall be deemed a default of that Lease Agreement entered into by and between Santa Cruz Port District and Tenant for the premises known as 790 Mariner Park Way, Suite B, Santa Cruz, California and vice versa.

(g) In the event of a default by Tenant under this Lease, Landlord may pursue such remedies as it may have for such default under law or in equity, including but not limited to the remedies set forth below.

(i) Repossession. Landlord may repossess the Premises and remove all persons and property therefrom. If Landlord repossesses the Premises because of a breach of this Lease, this Lease shall terminate and Landlord may recover from Tenant:

(1) the worth at the time of award of the unpaid rent which had been earned at the time of termination including interest at ten percent (10%) per annum or the maximum allowed by law whichever is less;

(2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided including interest at ten percent (10%) per annum or the maximum allowed by law whichever is less;

(3) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, computed by discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%); and

(4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

(ii) No Repossession. If Landlord does not repossess the Premises, then this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession and Landlord may enforce all of its rights and remedies under this Lease, including the right to recover the rent and other sums due from Tenant hereunder. For the purposes of this Paragraph 17, the following do not constitute a termination of Tenant's right to possession:

(1) Acts of maintenance or preservation by Landlord or efforts by Landlord to relet the Premises; or

(2) The appointment of a receiver by Landlord to protect Landlord's interest under this Lease.

19. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants, agreements, or conditions of this Lease, or for the recovery of the possession of the Premises, the prevailing party shall be entitled to recover from the other party, as a part of the prevailing party's costs, reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered. "Prevailing party" within the meaning of this paragraph shall include, without limitation, a party who brings an action against the other party after the other party's breach or default, if such action is settled or dismissed upon the payment by the other party of the sums allegedly due or performance of the covenants allegedly breached or the plaintiff obtains substantially the relief sought by it in the action.

20. Removal of Property. Tenant hereby irrevocably appoints Landlord as agent and attorney in fact of Tenant, to enter upon the Premises, in the event of a default by Tenant hereunder, and to remove any and all furniture and personal property whatsoever situated upon the Premises, and to place such property in storage for the account of and at the expense of Tenant. In the event that Tenant shall not pay the cost of storing any such property after the property has been stored for a period of 90 days or more, Landlord may sell any or all of such property, at public or private sale, in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant or any demand upon Tenant for the payment of any part of such charge or the removal of any such property, and shall apply the proceeds of such sale first to the costs and expenses of such sale, including reasonable attorneys' fees actually incurred; second, to the payment of the costs of or charges for storing any such property; third, to the payment of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms hereof; and fourth, the balance, if any, to Tenant.

21. Subordination.

(a) Subordination of Lease. This Lease, at Landlord's option, shall be subordinate to any mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon all or any portion of the Premises and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee or trustee shall elect to have this Lease prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust, whether this Lease is dated prior or subsequent to the date of said mortgage or deed of trust or the date of recording thereof.

(b) Execution of Documents. Tenant agrees to execute any documents required to effectuate such subordination or to make this Lease prior to the lien of any mortgage or deed of trust, as the case may be, and failing to do so within ten (10) days after written demand, does hereby make,



constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead, to do so.

22. Landlord's Right to Reenter.

(a) Peaceable Surrender. Tenant agrees to yield and peaceably deliver possession of the Premises to Landlord on the date of termination of this Lease, regardless of the reason for such termination. Upon giving written notice of termination to Tenant, Landlord shall have the right to reenter and take possession of the Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the Lease and reentry of any Premises by Landlord shall in no way alter or diminish any obligation of Tenant under the Lease terms and shall not constitute an acceptance or surrender.

(b) Waiver of Redemption and Stipulated Damages. Tenant waives any and all right of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Premises for any reason or in the event Landlord reenters and takes possession of the Premises in a lawful manner.

Tenant agrees that should the manner or method employed by Landlord in reentering or taking possession of the Premises give Tenant a cause of action for damages in forcible entry and detainer, the total amount of damages to which Tenant shall be entitled in any such action shall be One Dollar (\$1.00). Tenant agrees that this clause may be filed or raised in any such action, and that when filed or raised in any such action, it shall be a stipulation of Tenant fixing the total damages to which Tenant is entitled in such an action.

23. Reservations to Landlord. The Premises are accepted by Tenant subject to any and all existing easements and encumbrances. Landlord reserves the right to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, stormwater sewer, pipelines, manholes, and connections; water and gas conduits; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, and along any part of the Premises, and to enter the Premises for any and all such purposes. Landlord also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, and along any and all portions of the Premises. No right reserved by Landlord in this clause shall be so exercised as to interfere unreasonably with Tenant's operations hereunder.

Landlord agrees that rights granted to third parties by reason of this clause shall contain provisions that the surface of the land shall be restored as early as practicable to its original condition upon the completion of any construction. Landlord further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the premises by Tenant, the monthly Base Rent shall be reduced on a temporary basis in proportion to the temporary interference with Tenant's use of the Premises.

24. Notices. All notices, statements, demands, requests, approvals or consents given hereunder by either party to the other party shall be in writing and shall be sufficiently given and served upon the other party if served personally or if sent by first class mail of the United States Postal Service, certified, return receipt requested, postage prepaid, and addressed to the parties as follows:

Landlord: SANTA CRUZ PORT DISTRICT  
Attention: Port Director  
135 5<sup>TH</sup> Avenue  
Santa Cruz, CA 95062

Tenant: Chardonnay Sailing Charters, LLC  
400 Beach Street  
Santa Cruz, CA 95060  
Attention: Kris Reyes

or to such other address as any party may have furnished to the others as a place for the service of notice. Notices sent by mail shall be deemed served on the date actually received, as indicated on the return receipt.

25. No Commission. Landlord and Tenant each agree that Landlord and Tenant, respectively, have not had any dealings with any realtor, broker, or agent in connection with the execution of this Lease. Tenant shall pay the commission or compensation payable to any agent or broker employed by Tenant in connection with the execution of this Lease.

26. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. Landlord's acceptance of partial payments of rent or any other sum due hereunder shall not be deemed a waiver of its right to recover the full amount of such payment and shall not be deemed an accord and satisfaction whether or not the amount due is disputed by the parties.

27. Holding Over. Any holding over after the expiration of the Term with the consent of Landlord shall be construed to be a tenancy from month to month on the same terms and conditions specified herein so far as applicable other than Base Rent which shall be increased to 150% of the current Base Rent.

28. Parking. Tenant acknowledges that all parking areas and all other common areas within the Santa Cruz Small Craft Harbor shall remain under the operation and control of Landlord. The manner in which such areas and facilities are operated and maintained shall be at the sole discretion of Landlord, and the use of such areas and facilities shall be subject to such rules and regulations as Landlord shall make from time to time. Landlord shall have the right to regulate access and parking and to install parking meters in such parking areas.

Tenant shall manage charter customer parking in accordance with Operating Plan dated April 11, 2017. Additionally, customer groups (defined as 20 or more passengers booked together) boarding the sailing vessel *Chardonnay II* shall arrive and depart by bus during Wednesday Night Sailboat Races; Thursday Night Beach Barbecues; holidays and weekends during peak season. Customer groups (defined as 20 or more passengers booked together) boarding *Chardonnay III* shall arrive and depart by bus. Bus parking will be off-site. Peak season is defined as April 1 to October 31.

29. Non-Discrimination. Tenant agrees in the conduct of Tenant's business not to discriminate against any person or class of persons by reason of sex, race, creed, national origin, age, or physical condition. Tenant shall make its accommodations and services available to all persons on equal and reasonable terms.

30. Entry by Landlord. Landlord and its agents shall be entitled to enter into and upon the Premises at all reasonable times, upon reasonable notice (except in the case of an emergency, in which event no notice shall be required), for purposes of inspecting or making repairs, alterations or additions to all or any portion thereof, or any other part of the Building, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-responsibility for alterations, additions, or repairs, and during the 180 day period prior to the expiration of this Lease, to place upon the Premises any usual or ordinary "for rent" signs and exhibit the Premises to prospective tenants at reasonable hours, all without any abatement of rent and without liability to Tenant for any injury or inconvenience to or interference with Tenant's business, quiet enjoyment of the Premises, or any other loss occasioned thereby.

31. Estoppel Certificates; Financial Statements.

(a) Estoppel Certificates. Within fifteen (15) days after request therefor by Landlord, Holder, or any prospective mortgagee or owner, Tenant agrees as directed in such reasonable request to execute an Estoppel Certificate in recordable form, binding upon Tenant, certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, a description of such modifications and that this Lease as modified is in full force and effect); (ii) the dates on which rent Fixed Minimum Rent, Sublease Rent and Percentage Rent have been paid; (iii) that Tenant is in the possession of the Premises if that is the case; (iv) that Landlord is not in default under this Lease, or, if Tenant believes Landlord is in default, the nature thereof in detail; (v) that Tenant has no offsets or defenses to the performance of its obligations under this Lease (or if Tenant believes there are any offsets or defenses, a full and complete explanation thereof); (vi) that Tenant has accepted the Premises and the condition thereof and of all improvements thereto and has no claims against Landlord or any other party with respect thereto; (vii) that if an assignment of rents or leases has been served upon the Tenant by a Holder, Tenant will acknowledge receipt thereof and agree to be bound by the provisions thereof, (viii) that Tenant will give to the Holder copies of all notices required or permitted to be given by Tenant to Landlord; and (ix) to any other information reasonably requested. Tenant's failure to deliver such certificate within such time will be conclusive upon Tenant (A) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (B) that there are no uncured defaults in Landlord's performance, and (B) that not more than one month's rent has been paid in advance. Without limiting the foregoing, if Tenant fails to deliver any such certificate within such fifteen (15) day period, Landlord may deliver to Tenant an additional request for such certificate and the failure of Tenant to deliver such certificate within five days after delivery of such additional request shall be an Event of Default.

32. General.

(a) Entire Agreement. This Lease, together with all Exhibits attached hereto which are incorporated herein by this reference, contains all of the terms, covenants, and conditions agreed to by Landlord and Tenant relating to the Premises and the subject matter hereof, and supersedes all promises and agreements, written or oral, by either party to the other relating in any way to the Premises which are not expressly set forth herein. Tenant is not relying on any representations or

warranties made by Landlord, and acknowledges that Landlord has not made any representations or warranties to Tenant, except as may expressly be set forth herein. This Lease cannot and shall not be amended orally or in any manner other than by an agreement in writing signed by both Landlord and Tenant or their respective successors in interest.

(b) Covenants and Conditions. Each term and each provision of this Lease performable by Tenant shall be construed to be both a covenant and a condition, all of which conditions shall be for the sole benefit of Landlord.

(c) Binding on Successors. The covenants and conditions hereof, subject to the provisions as to subletting and assignment, shall apply to and bind the heirs, successors, executors, administrators, subtenants, and assigns to the parties.

(d) Joint and Several Liability. All persons who have signed this Lease shall be jointly and severally liable hereunder.

(e) Gender. When the context of this Lease requires, the masculine gender includes the feminine, a corporation, or a partnership, and the singular number includes the plural.

(f) Captions. The captions of the numbered and lettered paragraphs of this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

(g) Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California and venue shall be Santa Cruz County.

(h) Time of Essence. Time is of the essence as to all of the provisions of this Lease with respect to which time of performance is a factor.

(i) Partial Invalidity. If any term, covenant, condition, or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

(j) Relationship. Tenant shall not be an agent of Landlord for any purpose, and nothing in this Lease shall be deemed to create a partnership relationship between Tenant and Landlord.

(k) Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that s/he is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with a duly adopted resolution of the board of directors of said corporation or in accordance with the bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Tenant is a corporation Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord a certified copy of a resolution of the board of directors of said corporation authorizing or ratifying the execution of this Lease.

(l) No Recordation. Tenant shall not record either this Lease or a short form memorandum of this Lease.

(m) Calendar Days. All references herein to "days" shall mean calendar days unless otherwise stated.

33. Approval by California Department of Boating and Waterways. This Lease will not become effective until it is reviewed and approved by the State of California Department of Boating and Waterways, as provided by the California Harbors and Navigation Code Section 72.0.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

**LANDLORD:**

SANTA CRUZ PORT DISTRICT COMMISSION,  
a political subdivision

ATTEST:

  
\_\_\_\_\_  
Marian Olin, Port Director (interim)  
Santa Cruz Port District

By:   
\_\_\_\_\_

**TENANT:**

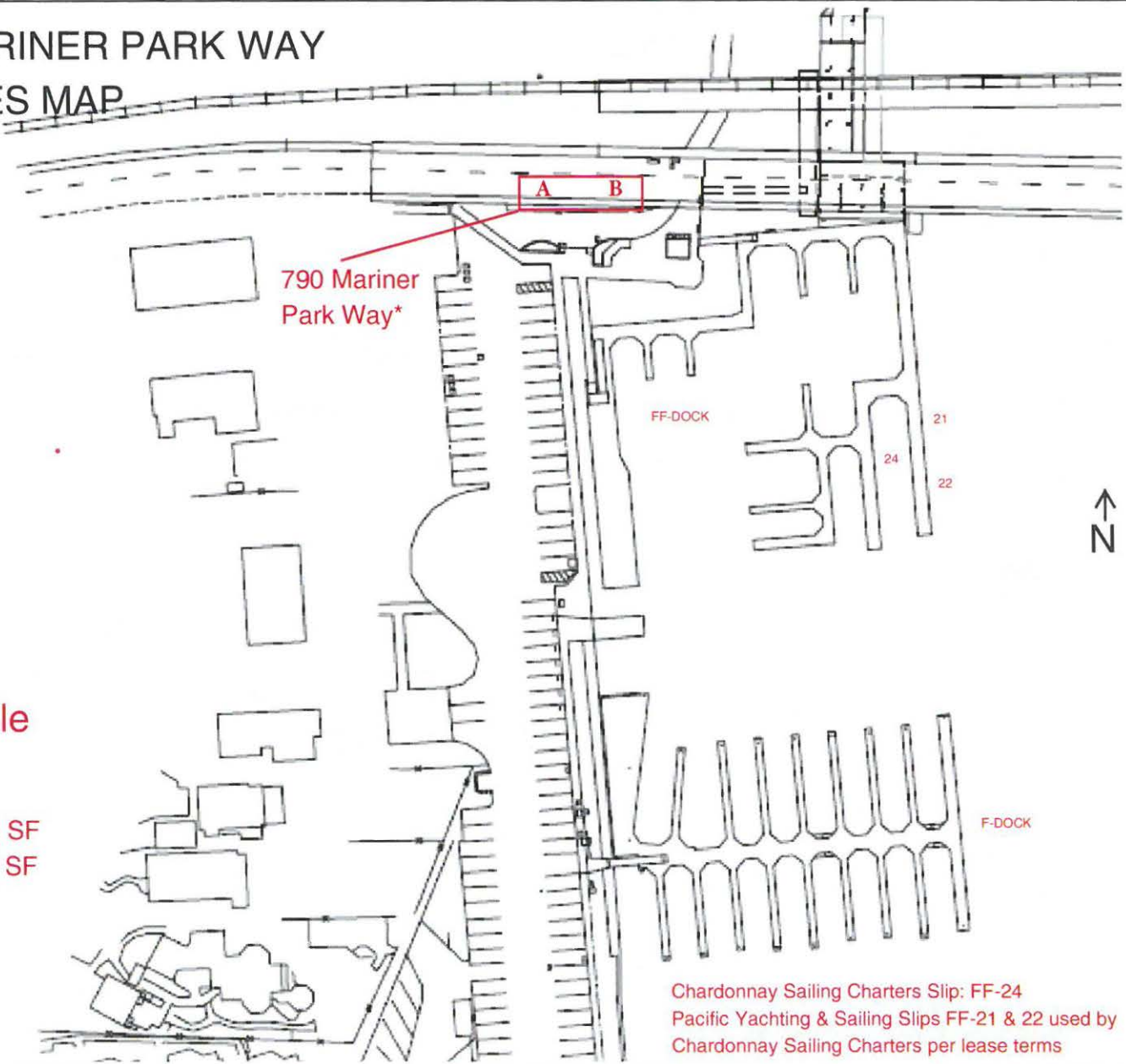
CHARDONNAY SAILING CHARTERS, LLC

By:   
\_\_\_\_\_

By: \_\_\_\_\_

**EXHIBIT 'A'**  
**Premises Map and Diagram**

# 790A MARINER PARK WAY PREMISES MAP



Not to scale

\*Suite A - 100 SF  
Suite B - 300 SF

Chardonay Sailing Charters Slip: FF-24  
Pacific Yachting & Sailing Slips FF-21 & 22 used by  
Chardonay Sailing Charters per lease terms

**EXHIBIT "B"**  
**GUARANTY**

This Guaranty of Lease ("Guaranty") dated for reference purposes only June 1, 2017, is executed by Jim Beauregard ("Guarantor") in favor of Santa Cruz Port District, a California special district ("Landlord").

RECITALS

WHEREAS, Landlord and Chardonnay Sailing Charters, LLC ("Tenant") have entered into a Lease dated for reference purposes only June 1, 2017, ("Lease") whereby Landlord agreed to lease to Tenant and Tenant agreed to lease from Landlord the premises located at 790 Mariner Park Way, Suite A, Santa Cruz, California ("Premises"); and

WHEREAS, as a condition of said Lease, Landlord has required that Guarantor execute and deliver to Landlord this Guaranty.

NOW, THEREFORE, in consideration of Landlord entering into the Lease of the Premises to Tenant, Guarantor covenants and agrees as follows:

Guarantor absolutely and unconditionally guarantees to Landlord the timely payment of all amounts that Tenant may at any time owe under the Lease. Guarantor further guarantees to Landlord the full, faithful, and timely performance by Tenant of the Lease. If Tenant shall default at any time in the payment of any rent or any other sums, costs, or charges, or in the performance of any covenant or obligation under the Lease, then Guarantor, at Guarantor's expense, shall on demand by Landlord, fully and promptly pay all rent, sums, costs, and charges to be paid and perform all other covenants and obligations to be performed by Tenant pursuant to the Lease. In addition, Guarantor shall on demand by Landlord pay to Landlord all sums due to Landlord, including, without limitation, all interest on past due obligations of Tenant, costs advanced by Landlord, damages, and all expenses (including, without limitation, court costs and reasonable attorneys' fees) that may arise in consequence of Tenant's default.

All sums due and payable pursuant to this Guaranty shall be payable upon demand.

The obligations of Guarantor under this Guaranty are independent of the obligations of Tenant. A separate action may, at Landlord's option, be brought and prosecuted against Guarantor, whether or not any action is first or subsequently brought against Tenant, or whether or not Tenant is joined in any action, and Guarantor may be joined in any action or proceeding commenced by Landlord against Tenant arising out of, in connection with, or based upon the Lease. Guarantor waives any right to: (a) Require Landlord to proceed against Tenant or any other person or entity or pursue any other remedy in Landlord's power; (b) complain of delay in the enforcement of Landlord's rights under the Lease; and (c) require Landlord to proceed against or exhaust any security held from Tenant or Guarantor. Guarantor waives all demands upon and notices to Tenant and to Guarantor, including without limitation, demands for performance, notices of nonperformance, notices of nonpayment, and notices of acceptance of this Guaranty.

This Guaranty shall remain in full force notwithstanding the appointment of a receiver to take possession of all or substantially all of the assets of Tenant or an assignment by Tenant for



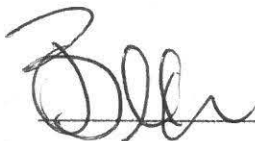
the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium, or other debtor relief, act, or statute, whether now existing or later amended or enacted, or the disaffirmation of the Lease in any action or otherwise.

This Guaranty shall be binding upon Guarantor and Guarantor's heirs, administrators, personal and legal representatives, successors, and assigns, and shall inure to the benefit of Landlord and Landlord's successors and assigns. Landlord may, without notice, assign this Guaranty, the Lease, or the rents and other sums payable under the Lease, in whole or in part.

In addition to the amounts guaranteed pursuant to the above paragraphs, Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses incurred by Landlord in enforcing this Guaranty or in any action or proceeding arising out or relating to this Guaranty.

Nothing herein shall in any way modify any of the terms and provisions of the Lease.

Date: 5/24, 2017



\_\_\_\_\_

**APPENDIX 1**  
**Operating Plan dated April 11, 2017**

## **OVERVIEW**

Chardonnay Sailing Charters recently purchased a 70-foot Sahara Cruz sailing yacht, renamed Chardonnay III. The company is seeking permission from the Santa Cruz Port Commission to operate the boat as a private sailing charter. Pending final approval by the United States Coast Guard, capacity of the Chardonnay III is forty passengers plus three crew.

The information provided below seeks to address issues relating to this request. Please direct any questions to Kris Reyes, [pr@scseaside.com](mailto:pr@scseaside.com) or 831-332-6966.

## **MANAGEMENT & OWNERSHIP**

The Santa Cruz Seaside Company and Jim Beauregard have been business partners in Chardonnay Sailing Charters for more than two decades, and recently entered into an agreement to purchase Pacific Yachting and Sailing. Neither partner plans to alter their ownership stake in Chardonnay Sailing Charters, and both parties are excited about the prospect of owning and operating Pacific Yachting and Sailing for many years to come.

While day-to-day business operations will continue to be handled by staff from Chardonnay Sailing Charters, any substantive issues that require engagement with harbor staff or Port Commissioners relating to the operation or management of Chardonnay II, Chardonnay III or Pacific Yachting and Sailing will be handled by Kris Reyes of the Santa Cruz Seaside Company.

Chardonnay Sailing Charters and the Santa Cruz Seaside Company strongly supports local non-profit organizations based near the harbor such as Save our Shores, Coastal Watershed Council, and O'Neill Sea Odyssey. We also regularly donate hundreds of tickets to local non-profit organizations for complimentary sails on Chardonnay II and will do the same with Chardonnay III. We are also willing to work with staff to develop a program to introduce local disadvantaged youth to the joys of sailing.

## **SLIP LOCATION FOR CHARDONNAY III**

We request that the Port District reassign Slips FF 21 and 22 from Pacific Yachting and Sailing to Chardonnay Sailing Charters for Chardonnay III dock space. We recognize this may require an additional fee, due to the fact that one boat will be parked in two slips.

This proposed location is ideal because it allows Chardonnay II, Chardonnay III and the Pacific Yachting and Sailing fleet to operate from the same dock. The proposed location also ensures that individual boat owners at other docks will not be disrupted or inconvenienced by passengers arriving and departing.

Based on our thorough review of Pacific Yachting and Sailing, we do not expect the requested change in slip use to negatively impact the quality or volume of services offered by Pacific Yachting.

The attached slip layout demonstrates the proposed slip plan for FF Dock.

## **CHARDONNAY III OPERATING PLAN & SCHEDULE**

Whereas tickets for Chardonnay II are sold on an individual basis, Chardonnay III will operate solely as a private charter for organizations, businesses and groups. Tickets to Chardonnay III will not be sold on an individual basis and the boat will not be made available for burials at sea or weddings.

Based on business projections and booking habits of our clients, we estimate that 75% of Chardonnay III bookings will be on weekdays when the harbor is less impacted.

Departure and arrival times for Chardonnay II and Chardonnay III will be staggered to lessen the impact of loading and unloading both boats at the same time.

Groups of 20 or more booking Chardonnay III will be required to arrive and depart by bus at all times. Groups of 20 or more booking Chardonnay II will be required to arrive and depart by bus during Wednesday Night Sail Boat Races, Thursday Night BBQ's as well as holidays and weekends during peak (April – October.) Busses will be parked at locations outside of the harbor secured by Chardonnay Sailing Charters. This should minimize parking impacts to the harbor during the busiest times.

Below is a sample operating schedule for Chardonnay II and Chardonnay III for peak and non-peak periods. (Per Director Ekers, peak is defined as April – October.)

### ***Chardonnay II Non-Peak (November – March) - Sample Week for March 2017***

Monday – Thursday: Estimate: 2 daily public sails.  
Friday – Sunday Estimate: 3 daily public sails.

### ***Chardonnay III Non-Peak (November – March) - Sample Week for March 2017***

Monday – Friday: Estimate: 1 daily private sail.  
Saturday – Sunday: Estimate: 1 private sail per weekend.  
*Demand for weekend sails during non-peak months is expected to be extremely low.*

### ***Chardonnay II Peak (April – October) - Sample Week for July 2017***

Monday: Estimate: 2 daily public sails.  
Tuesday – Thursday: Estimate: 3 daily public sails.  
Friday – Sunday: Estimate: 4 daily public sails.

### ***Chardonnay III Peak (April – October) - Sample Week for July 2017***

Monday – Friday: Estimate: 1 daily private sail.  
Wednesday Sail Boat Races: Only available for groups arriving by bus.

Saturday – Sunday:

Estimate: 1 daily private sail.

Only available for groups arriving by bus.

Operating schedules listed above are projections for 2017 based on past experience and future forecasting. Schedules are subject to change due to a variety of factors such as lack of demand, harbor conditions and weather.

Chardonnay Sailing Charters would like to maintain as much scheduling flexibility as possible within the outline provided above for Chardonnay II and Chardonnay III.

### **GUEST & EMPLOYEE PARKING**

We recognize that parking is an ongoing challenge for the harbor, and we are committed to finding creative solutions to lessen the impacts caused by adding an additional private charter.

Our projections indicate that many of the groups booking Chardonnay III will arrive and depart by bus. As stated previously, we will require groups of 20 or more booking Chardonnay III to arrive and depart by bus at all times. Groups of 20 or more booking Chardonnay II will be required to arrive and depart by bus during Wednesday Night Sail Boat Races, Thursday Night BBQ's as well as holidays and weekends during peak (April – October.) Busses will be parked at locations outside of the harbor secured by Chardonnay Sailing Charters.

In order to help mitigate impacts to the harbor we will take the following steps:

- Require all Chardonnay II and Chardonnay III passengers park in either the southwest parking lots or the north parking lots.
- Provide all Chardonnay II and Chardonnay III passengers with detailed parking information, requirements and suggestions at time of booking.
- Provide clients arriving by busses with detailed parking information prior to arrival.
- Chardonnay Sailing Charters will explore implementing a shuttle from north parking lot to FF dock on busy days when most Chardonnay guests are likely to park in north parking lot.
  - Santa Cruz Seaside Company Parking Department may provide consultation to Chardonnay Sailing Charters regarding best practices for managing a remote parking shuttle based on shuttle experience at Santa Cruz Beach Boardwalk.

All employees of Chardonnay Sailing Charters and Pacific Yachting and Sailing will be required to park in accordance with District policies regarding employee parking.

### **JOBS**

If approved to operate Chardonnay III we do not anticipate hiring additional staff. However, this may change in the future.

### **MURRAY STREET BRIDGE PROJECT**

We recognize that the Murray Street Bridge project will have significant impacts on the entire harbor community. We recently discussed the project with the City of Santa Cruz to better understand the issues. They indicated that a start date for construction has yet to be determined and the project start date is at least a year away.

Given the uncertainty surrounding the project, we propose meeting with staff when more details become known to discuss ways we can mitigate the project's impact on Chardonnay Sailing Charters/Pacific Yachting and assist the Port Director however reasonably possible. We will cooperate fully with maximum flexibility regarding temporary locations for boats and office space.

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**APPENDIX 2**  
**Slip License Agreement (standard form)**

**Santa Cruz Port District**  
135 Fifth Avenue, Santa Cruz, California 95062  
(831) 475-6161 Office (831) 475-9558 FAX

**SLIP LICENSE AGREEMENT**

Date May 24, 2017

Name (as appears on Waiting List) Chardonnay Sailing Charters, LLC

Residence Address \_\_\_\_\_

City \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_

Business Address 790 Mariner Park Way, Suite A

City Santa Cruz, CA Zip 95062 Phone (831) 423-1213

Name of Legal Owner \_\_\_\_\_  
(such as corporation, lienholder, or other name appearing on evidence of title)

Address: \_\_\_\_\_ Phone \_\_\_\_\_

Permission is requested to berth the vessel described below in the Santa Cruz Small Craft Harbor subject to the terms of the Agreement set forth below.

Name of Vessel Chardonnay II (Slip FF24), Chardonnay III (Slip FF21 & FF22 - (2) 40' slips combined to make one 80'slip) \*

Registration or Documentation No. \_\_\_\_\_ Home Port \_\_\_\_\_

Length CII: 70' CIII: 70' (Including bowsprit, pulpit, boarding step, outboard motor, etc.)

Beam \_\_\_\_\_ Draft \_\_\_\_\_ Height \_\_\_\_\_ Type of Rig \_\_\_\_\_

**By signing the following agreement, Owner represents and warrants to the Santa Cruz Port District that the foregoing information is complete and accurate, that no other party has any legal right, title or interest in or to the Vessel, and that Owner shall give the Santa Cruz Port District written notice of any changes in the above information immediately upon the occurrence of any such change.**

**AGREEMENT**

This Slip License Agreement is made by and between the Santa Cruz Port District, a governmental agency (hereinafter referred to as "Port District") and Chardonnay Sailing Charters, LLC (hereinafter individually or collectively, as the case may be, referred to as "Owner"). As used throughout this Slip License Agreement, the term "Owner" means the individual or individuals, as the case may be, signing said Agreement as the Owner. The Owner shall be the Licensee.

**RECITALS:**

- A. Port District operates and maintains a berthing facility for use by members of the public commonly known as the Santa Cruz Small Craft Harbor (the "Harbor"), located in Santa Cruz, California.
- B. Owner desires to berth Owner's vessel described above (hereinafter referred to as the "Vessel") at Slip No. FF24, Rack No. \_\_\_\_\_ (hereinafter referred to as the "Slip") at said berthing facility. FF 21&22\*
- C. Owner acknowledges that Port District cannot control the weather or other natural conditions existing at the Harbor and that the Harbor is subject to heavy breaking surf.
- D. Owner acknowledges that Port District cannot guarantee an open and safe Harbor and that Port District's decision when and where to dredge is a discretionary decision.
- E. It is not the intention of the parties, in entering into this Slip License Agreement, for Port District to contractually exempt itself or its officers, commissioners, agents or employees, from any responsibility for Port District's willful injury to person or property of another, or violation of law.
- F. Port District and its officers, commissioners, agents and employees are entitled to all the benefits conferred under the Tort Claims Act, California Government Code section 810 et seq. A copy of this Act may be obtained at the Port District harbor office.

-1-

\*FF 21 & FF 22 are two 40' slips from Chardonnay Sailing Charters LLC, dba Pacific Yachting & Sailing's slip inventory that are being combined into one 80' slip for the use of Chardonnay Sailing Charters LLC's vessel.



NOW, THEREFORE, the parties hereby agree as follows:

1. Grant of License. Port District hereby grants to Owner, and to Owner only, an exclusive license to berth the Vessel at the Slip on a month-to-month basis beginning on the 1 day of June, 2017 and continuing thereafter until terminated pursuant to the provisions of this Agreement. Said slip license shall constitute a "permit" within the meaning of the provisions of the Santa Cruz Port District Ordinances (the "Port District Ordinances"). During the term of this Agreement, Owner shall also have the non-exclusive right to use, in conjunction with other authorized members of the public, adjacent floats, docks, gangways, lighting, fresh water, power outlets, vehicle parking spaces, and restrooms owned by Port District, subject to such reasonable charges for using any one or more of the same as Port District may choose to assess from time to time. Port District shall maintain in good order and repair such adjacent floats, docks, gangways, lighting, fresh water, power outlets, vehicle parking spaces, and restrooms.
2. Slip Fees.
  - a) Terms of Payment. Owner shall pay to Port District each month, in lawful money of the United States, slip license fees for the berthing rights granted hereunder at the monthly rate posted in the Port District Harbor Office (the "Harbor Office"), as said rate may be modified by Port District from time to time. Said slip fees shall be due and payable in advance on the first day of each month during the term of this Agreement, without offset, at Port District's office at 135 Fifth Avenue, Santa Cruz, California 95062, or at such other place as may from time to time be designated by Port District in writing.
  - b) Late Payment. Owner acknowledges that late payment by Owner to Port District of slip fees will cause Port District to incur costs not contemplated by this Agreement, the exact amount of which is extremely difficult and impracticable to fix. Such costs include, without limitation, processing, accounting, and collection costs. Therefore, if any balance due is not received by Port District within twenty (20) days after the date due, Owner shall pay to Port District a late fee. If any balance is not received by Port District within thirty (30) days after the date due, Owner shall pay to Port District interest. The late fee and interest amounts charged shall be as established and changed from time to time by the Port District and as published on the Port District's fee schedule. Such amount may be increased by Port District from time to time, but no more than once each year, to reflect increases in such costs. Any such increase in late charges shall be effective upon the posting of written notice of such increase in the Harbor Office. Acceptance by Port District of such late charge shall not prevent Port District from exercising any of the rights and remedies available to Port District in connection with any repeated failure to pay on time, including termination of vessel berthing rights.
3. Security Deposit. Owner, upon execution of this Agreement, shall deposit with Port District the sum of \$2,108.00\*\* Dollars (\$                    ) as a deposit for the faithful performance of Owner's obligations hereunder. Port District, at its sole option, and without limiting in any way any other rights or remedies it may have under this Agreement or at law, may claim and apply from time to time such amounts of said deposit as are reasonably necessary in Port District's judgment to remedy Owner's defaults in the payment of fees and other charges hereunder, to repair damages to the Harbor (over and above normal wear and tear) caused by Owner or Owner's family and guests, and to pay any reasonable costs, expenses and attorneys' fees incurred by Port District in connection with any breach of this Agreement by Owner. In the event said security deposit or any portion thereof shall be applied as provided herein, Owner shall within ten (10) days after written request from Port District restore the deposit to its original amount. Upon termination of this Agreement, any remaining portion of said deposit shall be returned to Owner as soon as Port District has regained possession of the Slip and is able to determine the amount of the deposit it may claim hereunder. Port District shall have the right to commingle the security deposit with other funds of Port District and shall not be obligated to pay Owner interest on the security deposit. **OWNER MAY NOT, WITHOUT PORT DISTRICT'S CONSENT, USE ANY PORTION OF THE SECURITY DEPOSIT AS PAYMENT OF OWNER'S LAST MONTH'S OR OTHER SLIP FEES OR ANY OTHER CHARGES.**
4. Conditions of Use. Owner shall perform and comply with each and every term and condition of this Agreement to be performed or complied with by Owner, including, without limitation, the conditions of use contained in this Paragraph 4.
  - a) Use. Owner shall not cause or permit the Slip to be used for any purpose other than the berthing of the Vessel and other uses reasonably incidental thereto and not prohibited herein. Owner shall not live aboard the Vessel without the prior written consent of Port District.
  - b) Securing Vessel. At all times while the Vessel is berthed at the Slip, Owner shall cause it to be safely and properly secured in a manner acceptable to Port District. If Port District deems it necessary from time to time to resecure the Vessel for any reason, then on the third and all subsequent occasions necessitating resecuring of the Vessel, Owner shall pay Port District a reasonable service charge for doing so plus the cost of all materials used therefor. However, Port District does not assume and shall have no responsibility or liability whatsoever for the safety of the Vessel, and shall not be liable for fire, theft, or any damage to the Vessel, its equipment, or any property in or on the Vessel, by reason of Port District's decision either to resecure the Vessel or not to resecure the Vessel, except only any such damage as is caused by Port District's willful injury or sole gross and active negligence in resecuring the Vessel.
  - c) Condition of Slip. Owner hereby acknowledges that Owner has inspected the Slip and those portions of the Harbor associated with the Slip, including, without limitation, the floats, walks, gangways, and ramps adjacent to the Slip, knows the condition of same, hereby accepts the Slip in such condition, and acknowledges that no statement or representation as to the condition of any of the same has been made by Port District.

\*\* Security Deposit for CII (Slip FF24) = \$1,104.80 AND Security Deposit for CIII (Slip FF 21 & 22) = \$1,003.20

- d) Guests. All guests, invitees and hired personnel of Owner shall conform their activities to the requirements of this Agreement. Port District shall have the right, but not the obligation, to ascertain that third parties aboard the Vessel are authorized by Owner to be aboard.
- e) Change of Slip. Port District reserves the right to reassign Owner to a different slip within the Harbor at any time to facilitate management of the Harbor, and Port District shall not be liable to Owner by reason of requiring such reassignment. From and after the date of any such reassignment, the new slip shall be deemed to be the Slip, as such term is herein defined, for all purposes under this Agreement.
- f) Assignment and Sublicense. Provided Port District first consents thereto, Owner has the right to sublicense the Slip for a period not to exceed six (6) months, subject to such reasonable charge therefor as Port District may from time to time choose to assess. Owner shall remain financially liable for all of Owner's obligations hereunder during said period. Except as set forth above, Owner shall not assign this Agreement or any other rights hereunder, voluntarily or involuntarily, or sublicense the Slip or any part thereof, to any other party or for use by any other Vessel. Any assignment or sublicense in violation of this paragraph shall be void and shall automatically terminate this Agreement.
- g) Regulations and Laws. Owner at all times shall comply with all applicable laws, ordinances, statutes, rules, regulations and rulings of federal, state and local governments and the boards, agencies and departments thereof relating to Owner's use of the Slip and Owner's activities within the Harbor, including but not limited to the Port District Ordinances and rules and regulations, as the same may from time to time be modified. Owner hereby acknowledges receipt of a copy of the current Port District Ordinances. Port District reserves the right to add to or otherwise modify said Ordinances and rules and regulations from time to time.
- h) Regular Use. Owner shall make continuous use of the Vessel on a regular basis. For purposes of this paragraph, "continuous use on a regular basis" is defined to mean taking the Vessel out of the Slip and Harbor at least one time for any length of time on at least ten separate days during any twelve month period. Owner shall maintain such usage at all times during the term of this Agreement for each and every twelve month period which may be selected by Port District upon examination of Owner's pattern of usage. Notwithstanding the foregoing, extended cruises or other lengthy absences from the Harbor will be considered on a case by case basis by Port District as evidence of Owner's continued use of the Vessel on a regular basis.

5. Liability of Parties.

- a) Waiver of Claims. Incident to the operation of the Harbor, Port District has provided certain fencing and gates, flood lighting and a harbor patrolman for protection of persons using the Harbor and their personal property. Nonetheless, because of the many feet of unfenced and exposed shoreline of the Harbor, and because of the many users of the Harbor with varied boating experience, it is financially infeasible for Port District completely to protect boats berthed in the Harbor from damage inflicted by other persons, or to protect those persons using the Harbor from physical harm caused by the negligence or willful misconduct of other persons within the Harbor. In acknowledgment of the foregoing, Owner hereby waives any and all claims of liability against Port District, including but not limited to its Board of Commissioners, agents and employees (the Port District and its subordinates are all hereinafter collectively referred to as the "Indemnitees"), for any personal injury to or death of any Owner and/or any member of Owner's family, and/or Owner's guests, agents, or employees, or for damage to or destruction of any property, including, without limitation, the Vessel, occurring on or about the Harbor, arising from any cause whatsoever other than the sole gross and active negligence or willful misconduct of Port District. Such waiver shall extend to, but not be limited to, damage or loss from fire, theft, vandalism, malicious mischief, or collision, sustained by any boat, automobile or other personal property belonging to Owner permanently or temporarily maintained, stored, berthed, parked or operated in or about the Harbor, including but not limited to its floats, piers, parking lots, small boat launching ramp, and fuel float. Additionally, Port District conducts dredging operations, for the benefit of all Harbor users, with certain dredging equipment, including, but not limited to, a dredge, barges, pipelines and related dredging machinery and equipment (together the "dredging equipment"). Nevertheless, because of natural conditions existing at the Harbor, including, but not limited to, hard-breaking surf, the weather and the continual build up of silt (both in the Harbor entrance and inner-harbor), and because of the nature of the dredging operations, Port District cannot and does not agree to protect boats and persons using the Harbor from damage or injury to persons and/or property resulting from the dredging operations, the dredging equipment, or the resulting condition of the Harbor. In acknowledgment of the foregoing, Owner hereby agrees that, to the full extent permitted by law, Port District shall not be liable or responsible for any claims, demands, damages, debts, liabilities, obligations, costs, expenses, liens, actions or causes of action of any kind whatsoever, resulting (1) from any collision with any of the dredging equipment or any other boat, (2) from any collision or contact with the bottom of the Harbor or any obstructions on the bottom of the Harbor, (3) from any collision or contact with the jetties or surrounding beaches, or (4) from, or in any way relating to, the dredging operations or the lack of dredging operations, including, but not limited to, the closure of the Harbor entrance for any reason or under any circumstances whatsoever.
- b) Indemnification. In addition to the foregoing, Owner shall indemnify and hold harmless the Indemnitees from and against any and all damage, loss and expense, including but not limited to attorneys' fees and costs and expenses of litigation, and shall at his sole cost, upon the request of Port District, defend all suits brought against all or any of the Indemnitees, resulting from or arising out of any act or omission of Owner or its agents, employees, invitees, or anyone else for whom Owner may be legally responsible, occurring on or about the Harbor, including but not limited to the breach of this Agreement or the Port District Ordinances by any of such parties.

- c) Specific Disclaimers. Without in any way limiting the generality of the foregoing provisions, Port District shall to the full extent permitted by law, specifically have no liability or responsibility to Owner for the conditions of the beach, the availability of ingress to or egress from the waters of the Monterey Bay, or the Harbor, the conditions of the jetties and entrance channel leading to the Harbor, or damages caused to the Vessel by such conditions. Port District shall, to the full extent permitted by law, specifically have no liability or responsibility for any claims, demands, damages, debts, liabilities, obligations, costs, expenses, liens, actions or causes of action of any kind whatsoever, resulting (1) from any collision with any of the dredging equipment, (2) from any collision with the bottom of the Harbor or with any obstructions on the bottom of the Harbor, or (3) from, or in any way relating to, the dredging operations or lack of dredging operations, including, but not limited to, the closure of the Harbor entrance for any reason or under any circumstances whatsoever. Such non-liability and non-responsibility shall include, without limitation, any failure by Port District to dredge any portion of the Harbor, regardless of the length of time during which Port District may have failed to dredge. In addition, Port District shall not be liable for termination of this Agreement pursuant to Paragraph 6(d). In the event the Slip is an "inside tie," then without limiting the generality of the foregoing provisions, Owner specifically acknowledges that the Slip is by its very nature shallow and that rocks are commonly found under the Slip, and agrees that Port District shall in no event be responsible for any damage sustained by the Vessel from its resting on the bottom.

6. Termination. This Agreement may be terminated only as provided in this Paragraph 6.

- a) Thirty Days Notice. This Agreement may be terminated at any time by either party for any reason whatsoever upon giving the other party not less than thirty (30) days' prior written notice of termination.
- b) Transfer of Vessel. Owner shall be entitled to transfer all or any part of Owner's right, title or interest in the Vessel to any other party or parties. However, Owner must promptly apply to Port District for a renewed slip berthing license in the event Owner desires to continue using the Slip for berthing a different boat. Port District shall approve or disapprove such renewal within six (6) months of the date of such transfer. In the event Owner obtains a boat of similar size as the Vessel and desires to berth the same in the Slip, Port District shall not unreasonably withhold its consent to the renewal of Owner's license.
- c) Breach of Agreement. If Owner fails to abide by or perform any of the terms, conditions and promises as set forth in this Agreement to be abided by or performed by the Owner, or if Owner fails to inform Port District of any changes in the information set forth in the Application for Slip License, Port District, without waiving any other rights or remedies it may have under this Agreement or at law, may immediately terminate this Agreement upon giving Owner written notice of termination.
- d) Destruction of Slip. This Agreement shall automatically terminate upon destruction of the Slip by siltation, or upon destruction of the walkways or gangways adjacent thereto by reason of fire, storm or any other cause; provided that, in the event a suitable slip for the Vessel is available elsewhere in the Harbor at the time of such termination, Port District shall offer Owner an opportunity to enter into a license agreement respecting such slip.

The termination of this Agreement shall not relieve Owner of any obligation or liability which arose or accrued prior to such termination.

7. Surrender. Upon termination of this Agreement, Owner shall remove the Vessel from the Slip, shall remove all other personal property belonging to Owner or in Owner's care, custody or control, and shall surrender the Slip to Port District together with all keys to the Harbor in as good condition as existed as of the date of this Agreement, subject to reasonable wear and tear. If the Vessel remains in the Slip after termination of this Agreement, the Vessel shall be considered abandoned, and shall be subject to the Ordinances of the Port District and to the statutes of the California Harbors & Navigation Code pertaining to disposition of abandoned vessels.
8. Remedies for Default. If Owner fails to pay slip fees or any other charges to be paid by Owner, or in the event of any other default or breach under this Agreement by Owner, Port District may, at its option, pursue any and all rights and remedies it may have under this Agreement and at law, including without limitation, the right to take possession and control of and remove and store the Vessel for the purpose of perfecting and executing upon Port District's statutory lien rights in the Vessel.
9. Relationship of Parties. Nothing in this Agreement shall be deemed to create a relationship between Port District and Owner other than that of licensor and licensee. In particular, this Agreement shall not be deemed to be a lease or rental agreement, or to create a landlord-tenant relationship between Port District and Owner.
10. No Waiver. No delay or omission on the part of the Port District in exercising any right or remedy shall operate as a waiver or relinquishment thereof or of any other right or remedy hereunder or at law or equity, nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or of any other right or remedy. The acceptance by Port District of partial slip fees or other sums owed by Owner to Port District hereunder shall not constitute a waiver of Port District's right to payment in full of such fees or other sums.
11. Attorneys' Fees. In the event any legal action is instituted by either party hereto against the other party to enforce or interpret any provision of this Agreement or of any amendment or modification of this Agreement made subsequent hereto, the prevailing party shall be entitled to recover all costs of litigation, including without limitation, reasonable attorneys' fees, incurred in connection with such action, whether or not such action is prosecuted to final judgment.

12. Notice. Except as otherwise provided herein, any notice or communication given pursuant to this Agreement shall be in writing and may be delivered personally or be sent by first class mail, postage prepaid, addressed to the party to whom given at its address as shown hereinabove and deposited in the United States mail in California. Either party hereto may change its address to which notices and communications are to be given by giving written notice thereof to the other party in conformity with the provisions of this paragraph.

13. General.

- a) Joint and Several Liability. If Owner consists of more than one person, then the obligations of each said person as Owner, including but not limited to the indemnification provisions of Paragraph 5 above, shall be joint and several.
- b) Time of Essence. Time is of the essence of this Agreement and each and every provision hereof.
- c) Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and terminates and supersedes as of the date hereof any prior agreement(s) between the parties, written or oral. Any subsequent modification of this Agreement shall be in writing and signed by both parties.
- d) California Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

14. Best Management Practices.

The undersigned slip licensee, "Owner," hereby agrees to comply with the best management practices relating to clean boating and to minimize the generation of hazardous wastes, discharges of pollutants, and air pollution discharge in conducting any boat maintenance and repair work on their vessel. Owner agrees to maintain a clean vessel bilge and use oil absorbing pads. Used pads must be disposed of at the oil waste stations located throughout the harbor. All pads and oil filters will be recycled.

Additionally, Owner agrees to comply with all Santa Cruz Port District Ordinances, including, but not limited to:

Ordinance Section 213 – Refuse, states, in part:

- (a): No person shall throw, discharge, deposit or leave refuse, sewage or waste matter of any description upon or into the navigable waters of the Santa Cruz Marina area, ... or on the banks, walls, sidewalk, or beach, or any other location where they may be washed into the Santa Cruz Marina area, by tides, storm, floods or otherwise.
- (c): No person shall pump or discharge into the waters of the Santa Cruz Marina area, paint, varnish, spirits, or any inflammable liquid or deposit any rubbish, refuse matter or articles of any offensive character...
- (d): No person shall discharge or deposit or pass in or into the waters of the Santa Cruz Marina area any coal, tar or refuse or residuary product of coal, petroleum, asphalt, bitumen, or other carbonaceous material or substance.
- (e): No person shall place or leave dead animals, fish, shellfish, bait or other putrefying matter on or along the seawalls, harbor structures, floats, piers, sidewalks, or beaches of the Santa Cruz Marina area, or throw or deposit such material in the waters.
- (f): It shall be unlawful to clean fish on the seawalls, harbor structures, floats, piers, sidewalks, beaches or in the waters of the Santa Cruz Marina area, except at the fish cleaning stations provided therefore.
- (g): No person shall fish in the channel between jetties or in any other areas within the Santa Cruz Marina area...

Section 214 – Wharves, Floats and Piers, states, in part:

- (a): No person shall, without a permit, build, construct, erect, extend or locate within or upon, or over the waters of the Santa Cruz Marina area any float, pier, land wharf, open pile structure or device, or structure whatsoever.
- (d): It shall be unlawful to ride or part motorbikes or motorcycles on any floats, ride skateboards on any floats, wharves or piers, ride bicycles on any float, or leave them on any floats, wharves, or piers in such a manner that the bicycle creates an obstruction to pedestrian traffic or berthing.

Section 215 – Dangerous Vessels, Sunken Vessels, or Obstruction of Channels, states, in part:

- (a): Whenever a vessel is sunk, accidentally or otherwise, it shall be the duty of the owner of such vessel to mark it immediately by a buoy or beacon by day and by a lantern or light by night and to maintain such marking until the sunken vessel or obstruction is removed and the neglect or failure of such owner to do so shall be unlawful. The owner of such sunken vessel shall immediately commence removal of said vessel and prosecute the removal diligently to completion.
- (b): Whenever the navigation of any waters within the harbor area shall be obstructed or endangered by any sunken vessel or other obstruction, and the removal thereof is not diligently prosecuted..., the owner or owners of such vessel or property causing such obstruction or damage shall be liable to the Port District for all costs incident to said removal and disposition and shall further be liable to any person who may be damaged as a proximate cause of said sunken vessel or other obstruction. Neither the Port District, nor its employees, agents or officers, shall be liable for damages of any nature whatsoever arising out of or in any way connected with the removal, sale or disposition of such sunken vessel or other property.

Section 311 - Construction and Extensive Maintenance of Boat in Berth

No person shall engage in other than minor maintenance of boats except in the boatyard area. Activities specifically prohibited are: spray painting, construction on a boat resulting in debris creating a nuisance to other persons, construction activities on floats that create a nuisance or block passageways.

IN WITNESS WHEREOF, the parties have executed this Slip License Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

"PORT DISTRICT"  
The Santa Cruz Port District Board of Commissioners

By *Tim Grodz*

"OWNER"  
By *[Signature]*

SPECIAL 1-YEAR / BEQUEST (2-YEAR) SLIP LICENSE EFFECTIVE: \_\_\_\_\_  
SPECIAL SLIP LICENSE TERMINATION DATE: \_\_\_\_\_

**WAITING LIST:** I wish to remain on the waiting list → YES \_\_\_\_\_ / NO \_\_\_\_\_.  
I understand that the waiting list is the only means of obtaining a slip in the harbor, and that by discontinuing my waiting list status I forfeit any and all future options for a different slip size or type.  
Owner Signature \_\_\_\_\_ Date \_\_\_\_\_

(BELOW LINE FOR OFFICE USE ONLY)

Slip Effective Date: June 1, 2017  
Amount of Slip Fee Paid: Billed  
Other: 1104.80 (Billed 6/1/17)  
Security Deposit: 1003.20 (Billed 6/1/17)  
Total Amount Paid: total: 2108.-  
Confirmation of:  
Operability: X Liveaboard: \_\_\_\_\_  
Measured Overall Vessel Length: 70'  
Copy of:  
Reg / Doc: \_\_\_\_\_  
W/L Card: \_\_\_\_\_  
Driver's Lic: \_\_\_\_\_  
Initial Monthly Slip Fee: \_\_\_\_\_  
Account # 2024 Dock # \_\_\_\_\_  
Waiting List Status:  
North Harbor \_\_\_\_\_  
South Harbor \_\_\_\_\_  
Standby \_\_\_\_\_  
Issued:  
Keys: \_\_\_\_\_  
Slip Acceptance Packet \_\_\_\_\_  
Copies: \_\_\_\_\_ CPU: \_\_\_\_\_ S/H: \_\_\_\_\_ Permit #'s: \_\_\_\_\_  
Processed by: *[Signature]*

# Chardonney Sailing Charters

S A N T A C R U Z

June 20, 2023

To: Santa Cruz Port District  
Re: Chardonney III

Chardonney Sailing Charters is writing to request that Chardonney III return to the Santa Cruz Harbor. We are requesting that operation resume back at FF21 FF22 which is currently allocated to our sister company, Pacific Sail. We are asking for the commissioner's approval to reallocate both FF21 and FF22 back to Chardonney Sailing Charters which is where we would operate Chardonney III out of. We are not requesting that any changes be made to our lease agreement and would like to return to the Santa Cruz Harbor with the intention of operating within our current lease agreement. Please let us know if we can answer any questions for you.

Thank you for your consideration, I look forward to hearing back from you.

Thank you,



Jim Beauregard  
Owner  
Chardonney Sailing Charters

ATTACHMENT B



TO: Port Commission

FROM: Holland MacLaurie, Port Director

DATE: July 17, 2023

SUBJECT: Approval of Amendment to Port Commission Policies / Procedures Manual  
Section 3010 – Commission Meetings

**Recommendation: Approve amendment.**

## **BACKGROUND**

Government Code Section 54954(a) states that each legislative body of a local agency, except for advisory committees or standing committees, shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings.

Historically, the Port District has conducted its regular public meetings on the 4<sup>th</sup> Tuesday of each month at 7 PM, as codified in Section 3010 of the Port Commission Policies / Procedures Manual. Staff is proposing to amend Section 3010 of the Port Commission Policies / Procedures Manual to adjust the start time of the regular public meeting from 7 PM to 5:30 PM.

## **ANALYSIS**

Section 3010 of the Port Commission Policies / Procedures Manual has been revised to reflect the proposed change (Attachment A). If approved, the change will be publicly noticed and become effective with the regular public meeting on August 22, 2023.

## **IMPACT ON PORT DISTRICT RESOURCES**

There are no impacts to Port District resources associated with the proposed change.

ATTACHMENTS: A. Section 3010 – Commission Meetings (redline version)

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# 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 4<sup>th</sup> Tuesday day of each calendar month at ~~5:30~~ pm. Any temporary 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  
**Accounts Payable Monthly Check Register**  
June 2023

Date	No.	Vendor	Description	Amount
6/6/2023	58402	Kim's Business Machines	Typewriter Repair	\$ 540.00
6/9/2023	58403	AA Safe & Security Co.	555 Brommer Street Door Latch Assembly	\$ 462.70
6/9/2023	58404	Ace Portable Services	Portable Toilet Rental	\$ 484.38
6/9/2023	58405	Allied Universal	Security Patrol	\$ 4,623.84
6/9/2023	58406	Amerigas	Ancillary Equipment Fuel	\$ 246.13
6/9/2023	58407	Arturo Acevedo	Mileage Expense Reimbursement	\$ 77.36
6/9/2023	58408	Atchison Barisone Condotti & Kovacevich	Legal Consultation	\$ 4,024.40
6/9/2023	58409	B AND B Small Engine	Grounds Tool Maintenance Parts	\$ 90.58
6/9/2023	58410	Bay Building Janitorial, Inc.	Janitorial Services & Refuse Collection	\$ 10,492.00
6/9/2023	58411	Bay Plumbing Supply, Inc.	Drinking Fountain Repair Fittings, Drain Pipe Cement	\$ 140.10
6/9/2023	58412	Big Creek	Concession Lot Water Fountain Caulking, Cleaning Supplies, Utility Knife, Exterior Fasteners, Kayak Rack Repair Lumber, Screw Eyes	\$ 109.51
6/9/2023	58413	Bow Wow Pet Waste Products	Pet Waste Station Bags	\$ 210.88
6/9/2023	58414	Carpi & Clay	Washington Representation	\$ 800.00
6/9/2023	58415	CA State Lands Commission	Dredge Permit Renewal Fees	\$ 71.11
6/9/2023	58416	Central Coast Systems	Quarterly Fire Alarm Monitoring	\$ 210.00
6/9/2023	58417	Central Electric	333 Lake Avenue Electrical Upgrade Project - Progress Payment	\$ 14,575.00
6/9/2023	58418	Citi Cards	Drinking Water, Breakroom Supplies	\$ 435.70
6/9/2023	58419	Clean Marinas	Clean Marine Recertification	\$ 500.00
6/9/2023	58420	Coullahan, Kevin	Security Deposit Refund	\$ 220.80
6/9/2023	58421	County of Santa Cruz Auditor	Citation Tax (April)	\$ 3,662.00
6/9/2023	58422	County of Santa Cruz DPW	Hazardous Waste Disposal	\$ 33.00
6/9/2023	58423	County Specialty Gases	Welding Gas, Safety Glasses	\$ 215.64
6/9/2023	58424	Crow's Nest Restaurant	1/2 Concession Lot Garbage (Tenant Reimbursable)	\$ 2,457.18
6/9/2023	58425	Elevator Service Company	Monthly Service	\$ 470.00
6/9/2023	58426	Environmental Logistics	Hazardous Waste Disposal	\$ 1,896.00
6/9/2023	58427	FedEx Office	Shipping	\$ 16.93
6/9/2023	58428	Flyers Energy, LLC	Ancillary Equipment Fuel	\$ 1,278.92
6/9/2023	58429	GP Crane & Hoist	Quarterly Hoist Inspection (\$259.46 Tenant Reimbursable)	\$ 389.19
6/9/2023	58430	Grainger	Disposable Gloves, Butane Canister Refill, Concession Lot Drinking Fountain, Dredge Yard Fence Repair, Door Closer, Cylinder Tags	\$ 2,653.38
6/9/2023	58431	Granite Construction Company	Pavement Repairs at Fishery Pier	\$ 44,200.00
6/9/2023	58432	Grating Pacific, Inc.	Dock Ramp Grating	\$ 501.40
6/9/2023	58433	Gsolutionz	Telephone System Maintenance	\$ 240.95

Santa Cruz Port District  
**Accounts Payable Monthly Check Register**  
June 2023

Date	No.	Vendor	Description	Amount
6/9/2023	58434	Haro Kasunich & Associates, Inc.	Engineering Services: East Access Road Embankment / Crane Pad Restoration Project	\$ 43.75
6/9/2023	58435	John Haynes	Travel Expense Reimbursement: California Association of Harbormasters and Port Captains Annual Conference	\$ 82.30
6/9/2023	58436	Koffler Electrical Mechanical	Twin Lakes Generator End Varnishing	\$ 810.75
6/9/2023	58437	Lawson	Hydraulic Repair Parts	\$ 928.63
6/9/2023	58438	Linde Gas & Equipment, Inc.	Welding Gas, Welding Rods, Flap Discs, Cut-off Wheels	\$ 1,232.66
6/9/2023	58439	Monroe, Inc.	Tire Mounting & Balancing	\$ 160.00
6/9/2023	58440	Lockton Insurance Brokers, LLC	Fiscal Year 2024 Crime Insurance Premium	\$ 1,070.00
6/9/2023	58441	Marina Ware	Wireless Access Point Configuration	\$ 740.06
6/9/2023	58442	McMaster-Carr Supply Company	Fleet Decals	\$ 27.47
6/9/2023	58443	Mid County Auto Supply	Maintenance Workboat Batteries & Terminal, Air Filters, Oil Filters, Fuel Filters, Engine Mount	\$ 416.26
6/9/2023	58444	Mission Uniform Service	Uniform Service	\$ 952.50
6/9/2023	58445	Mutual of Omaha	Life/AD&D/LTD Insurance	\$ 892.25
6/9/2023	58446	Capital One Trade Credit	Aerator Hardware, Drill Bits, Utility Blade, Lubricant	\$ 95.48
6/9/2023	58447	Palace Business Solutions	Office Supplies	\$ 26.06
6/9/2023	58448	Priors Tires	Skid Steer Tires	\$ 1,013.98
6/9/2023	58449	Red Wing Shoe Store	Maintenance Staff Work Boots	\$ 221.75
6/9/2023	58450	Rose, Robin	Security Deposit Refund	\$ 363.05
6/9/2023	58451	San Lorenzo	Impact Bit Set, Spray Paint, Epoxy, Bolts	\$ 79.43
6/9/2023	58452	Santa Cruz Municipal Utilities	Utilities	\$ 6,170.81
6/9/2023	58453	SDRMA	Annual Workers Compensation Insurance	\$ 127,987.83
6/9/2023	58454	Summit Uniforms	Deputy Harbormaster Body Armor	\$ 1,037.97
6/9/2023	58455	The Home Depot Pro Institutional	Janitorial Supplies	\$ 3,746.24
6/9/2023	58456	Total Secure Technology	Technical Support (March - April), E-mail Scanning & Backup	\$ 1,164.60
6/9/2023	58457	Trionic Corp.	Dock Boxes for Resale	\$ 3,976.22
6/9/2023	58458	Triton Construction	Designated Operator Service	\$ 400.00
6/9/2023	58459	Uline	Parking Lot Stencils	\$ 143.57
6/9/2023	58460	U.S. Bank Equipment Finance	Copier Lease	\$ 151.31
6/9/2023	58461	US Relay	Webcam Service	\$ 484.00
6/9/2023	58462	WEX Bank	Interest Charges	\$ 5.82
6/9/2023	58463	Mark Larsen DBA: Viking	Window Cleaning	\$ 35.00
6/9/2023	58464	West Coast Wire Rope	Rigging Slings, Pike Poles	\$ 532.84
6/9/2023	58465	West Marine Pro	Turnbuckles, Dauntless Anodes	\$ 484.53

Santa Cruz Port District  
**Accounts Payable Monthly Check Register**  
June 2023

Date	No.	Vendor	Description	Amount
6/9/2023	58466	West Marine Pro	Boatyard Retail Items	\$ 26.04
6/9/2023	58467	Wex Bank	Fleet Fuel	\$ 2,349.19
6/20/2023	58468	Giberson, Don	Claim Settlement	\$ 2,855.00
6/28/2023	58469	ACCO Engineered Systems	2222 East Cliff Drive Quarterly Boiler Maintenance	\$ 335.00
6/28/2023	58470	Allied Administrators for Delta Dental	Dental Insurance	\$ 3,194.60
6/28/2023	58471	Allied Universal	Security Patrol	\$ 4,943.25
6/28/2023	58472	Ancil Taylor Dredging Consulting	Dredge Consulting - Equipment Rate Calculation	\$ 3,672.50
6/28/2023	58473	AT&T	Telephone	\$ 830.18
6/28/2023	58474	CIT	Telephone System Lease	\$ 323.09
6/28/2023	58475	Central Electric	333 Lake Avenue Electric Service Upgrade Project - Final Payment	\$ 5,830.00
6/28/2023	58476	Citi Cards	Background Investigation, Breakroom Supplies	\$ 177.62
6/28/2023	58477	Comcast	Business Internet	\$ 459.64
6/28/2023	58478	Complete Mailing Service	Statement Mailing & Postage	\$ 468.50
6/28/2023	58479	County of Santa Cruz Auditor	Citation Tax (May)	\$ 4,182.00
6/28/2023	58480	County of Santa Cruz DPW	Hazardous Waste Disposal	\$ 91.00
6/28/2023	58481	County Clerk - Elections	2022 Election Expense	\$ 127,578.08
6/28/2023	58482	County Specialty Gases	Welding Gas	\$ 61.47
6/28/2023	58483	Crystal Springs Water Co.	Boatyard Drinking Water	\$ 6.50
6/28/2023	58484	Elevator Service Company	Monthly Service	\$ 470.00
6/28/2023	58485	Garda CL West, Inc.	Deposit Courier Service	\$ 610.11
6/28/2023	58486	Golda, Janice	Key Deposit Refund	\$ 40.00
6/28/2023	58487	Grainger	Disposable Gloves, Sledge Hammer, Safety Glasses, Rubber Boots, Respirators, Pliers, Impact Sockets, Breaker Bars, Door Locks, Hose Reel, Janitorial Supplies, Ratcheting Wrenches	\$ 2,426.19
6/28/2023	58488	Home Depot Credit Services	Wet/Dry Vacuum, Ladder, Paint, Sewer Ejector Pump, Spray Paint, Painting Supplies, Tarp, O-Dock Restroom Shower Curtain, Saw Blades, U-Bolts	\$ 1,579.26
6/28/2023	58489	Hose Shop	<i>Twin Lakes</i> Hydraulics	\$ 6,635.58
6/28/2023	58490	Houston, Roger	Parking Overpayment Refund	\$ 36.50
6/28/2023	58491	Hutchison, Michael	Security Deposit Refund	\$ 904.94
6/28/2023	58492	Marina Ware	Dock Gate Lock	\$ 1,502.19
6/28/2023	58493	McDermott, Dick	497 Lake Installment Payment	\$ 4,535.45
6/28/2023	58494	Mesiti-Miller Engineering, Inc.	Engineering Services: East Access Road Embankment / Crane Pad Restoration Project, 2222 East Cliff Drive Deck Replacement Project	\$ 5,342.00
6/28/2023	58495	Mission Uniform Service	Uniform Service	\$ 464.52
6/28/2023	58496	Newterra Corporation, Inc.	Aerator Shaft Bearing	\$ 531.85

Santa Cruz Port District  
**Accounts Payable Monthly Check Register**  
June 2023

Date	No.	Vendor	Description	Amount
6/28/2023	58497	Nordman, Brian	Security Deposit Refund	\$ 231.36
6/28/2023	58498	North, Steve	Security Deposit Refund	\$ 289.50
6/28/2023	58499	Operating Engineers Local Union No. 3	Union Dues (Payroll Deduction)	\$ 272.00
6/28/2023	58500	Capital One Trade Credit	Aerator Hardware, Drill Bits, Hardware, Tape Measure, Utility Knife	\$ 239.80
6/28/2023	58501	Pacific Gas & Electric Company	Utilities	\$ 27,971.96
6/28/2023	58502	Peace Officers Research Association of California	Association Dues (Payroll Deduction)	\$ 246.00
6/28/2023	58503	PORAC Legal Defense Fund	Association Dues (Payroll Deduction)	\$ 378.00
6/28/2023	58504	Santa Cruz Fire Equipment Company	Dock Fire Extinguishers	\$ 384.01
6/28/2023	58505	Santa Cruz Tire & Auto Care	Patrol Vehicle Maintenance	\$ 105.53
6/28/2023	58506	SC Fuels	Fuel Dock Gas & Diesel	\$ 28,322.07
6/28/2023	58507	Scheidt & Bachmann	Monthly Concession Lot Equipment Warranty	\$ 2,709.67
6/28/2023	58508	Schwind, Christopher	Security Deposit Refund	\$ 113.70
6/28/2023	58509	Santa Cruz Municipal Utilities	Utilities	\$ 16,181.09
6/28/2023	58510	Sloggy, Joseph	Credit Balance Refund	\$ 416.10
6/28/2023	58511	Svendsen's Boat Works	Boatyard Retail Items	\$ 255.90
6/28/2023	58512	The Home Depot Pro Institutional	Janitorial Supplies	\$ 2,676.48
6/28/2023	58513	Total Secure Technology	Technical Support (May), E-mail Scanning & Backup	\$ 2,633.25
6/28/2023	58514	Verizon Wireless	Cell Phone & Tablet Service	\$ 321.71
6/28/2023	58515	Mark Larsen DBA: Viking	Window Cleaning	\$ 35.00
6/28/2023	58516	West Marine Pro	Boatyard Retail Items	\$ 1,888.13
6/28/2023	58517	Wex Bank	Fleet Fuel	\$ 2,694.43
6/5/2023	Various	Various Employees	5/16/23-5/31/23 Payroll	\$ 6,942.86
6/20/2023	Various	Various Employees	6/1/23-6/15/23 Payroll	\$ 6,082.35
6/1/2023	EFT	ElectronicPayments	Fuel Dock Credit Card Fees	\$ 433.99
6/1/2023	EFT	Gravity Payments	Front Desk Credit Card Fees	\$ 2,405.05
6/1/2023	EFT	Merchant Services	Online Billpay Credit Card Fees	\$ 314.21
6/1/2023	EFT	Merchant Services	CALE Credit Card Fees	\$ 1,582.56
6/1/2023	EFT	Merchant Services	Boatyard Credit Card Fees	\$ 651.44
6/1/2023	EFT	Transaction Express	Online Billpay ACH Fees	\$ 606.29
6/1/2023	EFT	Windcave, Inc.	Concession Lot Credit Card Fees	\$ 3,062.04
6/5/2023	EFT	PAYCHEX	5/16/23-5/31/23 Payroll Direct Deposit	\$ 70,903.48
6/5/2023	EFT	PAYCHEX	5/16/23-5/31/23 Payroll Taxes	\$ 32,861.26
6/5/2023	EFT	PAYCHEX	Payroll Service Fees	\$ 355.30
6/5/2023	EFT	Empower Retirement	457 Loan Payment (Payroll Deduction)	\$ 625.36
6/6/2023	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 8,521.95

Santa Cruz Port District  
**Accounts Payable Monthly Check Register**  
June 2023

Date	No.	Vendor	Description	Amount
6/6/2023	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 6,614.35
6/6/2023	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 2,661.99
6/6/2023	EFT	CalPERS	457 Contributions (Payroll Deduction)	\$ 4,698.32
6/6/2023	EFT	CalPERS	Health Insurance	\$ 47,837.40
6/7/2023	EFT	Comerica Commercial Card Services	WhenIWork Subscription, Office Supplies, Parking Machine Decals, Zoom Subscription, Recruitment Advertising, Dock Ramp Hardware, Water Taxi Supplies, VHF Radios, Harbor Patrol Uniform Patches, Commissioner Name Tags, Paintball Pellets, Award Banquet Hotel, <i>Patrol Boat Kinnamon</i> Antenna Pedestal Mount, Workplace Subscription, Air Pressure Guage, Strap Paper, Postage, Freight, Maintenance Vehicle Seat Covers, Breakroom Supplies, Chain Wrench, Scrub Brushes	\$ 4,090.79
6/9/2023	EFT	Comerica Bank	Service Charges	\$ 243.99
6/10/2023	EFT	Gravity Payments	Front Desk Credit Card Gateway Fee	\$ 23.18
6/20/2023	EFT	PAYCHEX	6/1/23-6/15/23 Payroll Direct Deposit	\$ 70,356.17
6/20/2023	EFT	PAYCHEX	6/1/23-6/15/23 Payroll Taxes	\$ 32,343.54
6/20/2023	EFT	PAYCHEX	Time & Attendance Fees	\$ 109.00
6/20/2023	EFT	PAYCHEX	Payroll Service Fees	\$ 422.57
6/21/2023	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 9,031.41
6/21/2023	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 6,614.56
6/21/2023	EFT	CalPERS	Retirement Contributions (Employee & Employer)	\$ 2,660.56
6/21/2023	EFT	CalPERS	457 Contributions (Payroll Deduction)	\$ 4,559.96
6/22/2023	EFT	Empower Retirement	457 Loan Payment (Payroll Deduction)	\$ 625.36
6/30/2023	EFT	Windcave, Inc.	Concession Lot Credit Card Device Charges	\$ 734.30
<b>Total June 2023 Disbursements</b>				<b>\$ 851,609.73</b>

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



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

TO: Port Commission  
FROM: Holland MacLaurie, Port Director  
DATE: July 17, 2023  
SUBJECT: Port Director's Report – July 25, 2023

PG&E Energy Efficient Loan

In 2014, the Port District, in conjunction with the Association of Monterey Bay Area Governments (AMBAG) and PG&E completed a project which upgraded outdoor lighting throughout the harbor to increase energy efficiency. Upfront funding for the project (approximately \$123,645) was provided by PG&E and repaid by the District through a no-interest loan. The Port District recently issued its final monthly installment under the loan and will now fully recognize the savings in energy costs.

Claim Reporting

A claim for damaged outriggers, which totaled \$2,855, has been settled. The outriggers were damaged after being inadvertently struck by the boatyard Travelift.

2222 East Cliff Drive

The final building permit for the 2222 East Cliff Drive Deck Replacement Project has been issued, and a fee waiver of \$8,250 was granted by the City on July 17, 2023. Permit fees for the project now total \$17,869.70, of which \$1,725.47 has been prepaid. Project commencement is anticipated in the coming months, but not prior to the Labor Day Weekend.

California Coastal Commission Site Visit – Coastal Rail Trail Project (Segments 8 and 9)

Coastal Commission staff requested to reschedule the onsite meeting to discuss the City's future Rail Trail Project from July 10, 2023, to August 24, 2023, at 1 PM to allow for participation from other interested agencies, like the County of Santa Cruz and the Santa Cruz County Regional Transportation Commission. The meeting will include an extensive walkthrough of the site and District staff will provide valuable information regarding the potential impacts associated with the proposed installation of a west and/or east harbor trail connection, public safety, and traffic safety.

8<sup>th</sup> Annual Classic Car Show

The 8<sup>th</sup> annual Classic Car Show is currently scheduled for Sunday, October 8, 2023, from 9 AM to 2 PM. Additional details, including the registration link, will be provided soon.



TO: Port Commission  
FROM: Blake Anderson, Harbormaster  
DATE: July 14, 2023  
SUBJECT: Harbormaster's Report

Fishermen First Aid and Safety Training (FFAST)

The Monterey Bay Fisheries Trust, in partnership with California and Oregon Sea Grant, hosted a first aid class in the harbor public meeting room on June 23 and 24, 2023. The course was designed around caring for the injuries that can result from commercial fishing and the lifesaving steps that can be taken offshore, away from a hospital or other care. The two-day course was free for commercial fishers, and additional classes may be presented later in the year.

Coast Guard Auxiliary Meeting

Staff delivered a presentation to the Coast Guard Auxiliary during their flotilla meeting in the harbor public meeting room on July 6, 2023. The presentation and slideshow covered the Port District structure, history, and an overview of the Harbor Patrol's roles, responsibilities, and challenges. A question-and-answer period followed.

Additional North Harbor Parking Pay Station: I-Dock

Staff installed an additional CALE parking pay station in the north harbor near I-Dock. Several months ago, the District's CALE vendor made us aware that an agency in southern California had surplus machines, similar to our existing machines, and that they were available at no cost. Staff jumped on the opportunity and procured four machines, which normally retail for about \$11,000 each. The units needed some cosmetic improvements and modifications but are in good working condition. Upgrades, including color touch screens for ease of use, may be purchased at a later date.

Big Brothers Big Sisters (BBBS) Annual Day on the Bay Regatta

The Santa Cruz Yacht Club will host the 31<sup>st</sup> Annual Day on the Bay Regatta benefiting BBBS on August 6, 2023. This large-scale fundraising event benefits local youth and features a regatta race, catered dinner, live music, and raffle. Registration information can be found on SCYC's website.

Fisheries Update

Despite the loss of salmon season, launch ramp use has been steady with anglers taking advantage of excellent local halibut fishing and the increased deep-water rockfish opportunities. Bluefin tuna have begun to show up in the area, although recent wind offshore has made accessing the tuna grounds difficult. Staff has heard of only one fish landed in Santa Cruz, but rumors abound of fish sightings and hookups.

### Fisheries Report

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

#### **June 2023 – Total Port Landings:**

Species	Weight (lbs.)	Ex-Vessel (per lbs.)	Approx. Value
CA Halibut	17,254.00	\$4.85	\$83,730.23
Lingcod	369.75	\$2.73	\$1,009.48
Vermillion Rockfish	55.70	\$2.07	\$115.38
Jack Mackerel	5,083.00	\$1.21	\$6,162.40
Pacific Mackerel	733.90	\$1.38	\$1,019.20

**Total Weight (lbs.) Reported: 23,496.35**

**Total Ex-Vessel: \$92,036.69**

Species also landed\* - Pacific Pompano, Pomfret, Pacific Sardine, Northern Anchovy, Jacksmelt, Sablefish (blackcod), Rock Crab, Rockfish (various), Petrale Sole, White Croaker, Starry Flounder, Pacific Sanddab

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

#### **June 2023 – Resident Buyer Landings:**

Species	Weight (lbs.)	Ex-Vessel (per lbs.)	Approx. Value
CA Halibut	4,609.03	\$5.00	\$23,045.15
Rock Crab	2,227.55	\$3.00	\$6,682.65
Rockfish (various)	830.50	\$2.50	\$2,076.25
Lingcod	143.85	\$3.00	\$431.55
Sardines	64.45	\$3.00	\$193.35
Mackerel	42.40	\$2.00	\$84.80
Soles	94.13	\$2.00	\$188.26
Sanddabs	40.00	\$3.00	\$120.00

**Total Weight (lbs.) Reported: 8,051.91**

**Total Ex-Vessel: \$32,822.01**





TO: Port Commission  
FROM: Carl Wulf, Facilities Maintenance & Engineering Manager  
DATE: July 25, 2023  
SUBJECT: Facilities Maintenance & Engineering Manager's Report

**Dredging Operations:**

Twin Lakes

Off-season maintenance tasks are underway. The snorkel, walkways, and Christmas tree have all been removed and taken to the dredge yard for cleaning, inspection, and repair in preparation for next season.

On July 19, 2023, at 10:00 am representatives from Lind Marine performed a condition assessment survey on *Twin Lakes*. Findings will be included in the Annual Dredge Report presented to the Commission next month.

Squirt

*Squirt* was hauled out at the boatyard on May 25, 2023. Crews have been focusing on repairs and replacement of the bushings and pins for *Squirt's* ladder and cutter head. The heat exchangers were removed, cleaned, and brazed up where cracks had been found.

Dauntless

*Dauntless* was hauled out at the boatyard on July 5, 2023. The shafts and propellers were removed and sent to Bay Propeller. Side covers were removed to reveal large rusted holes in the exhaust mufflers, which will need to be replaced.

D6 Dozer

The District's Dozer is at Peterson CAT for annual maintenance and repairs. The undercarriage is in need of major work. There is an issue with parts availability from CAT that we are working to resolve. All the assemblies that were available in the USA have been sold. Additional updates will be provided as we learn more.

**Maintenance:**

333 Lake Avenue – New Flooring

In the coming weeks, maintenance staff will be performing the work of removing worn-out vinyl flooring and installing new tile flooring in the common area (first-floor corridor) of 333 Lake Avenue.

Pile Repair & Replacement Project

Cushman Contracting will start mobilizing equipment for the project on July 24, 2023. The first pile is scheduled to be installed on July 31, 2023, starting at U-dock.



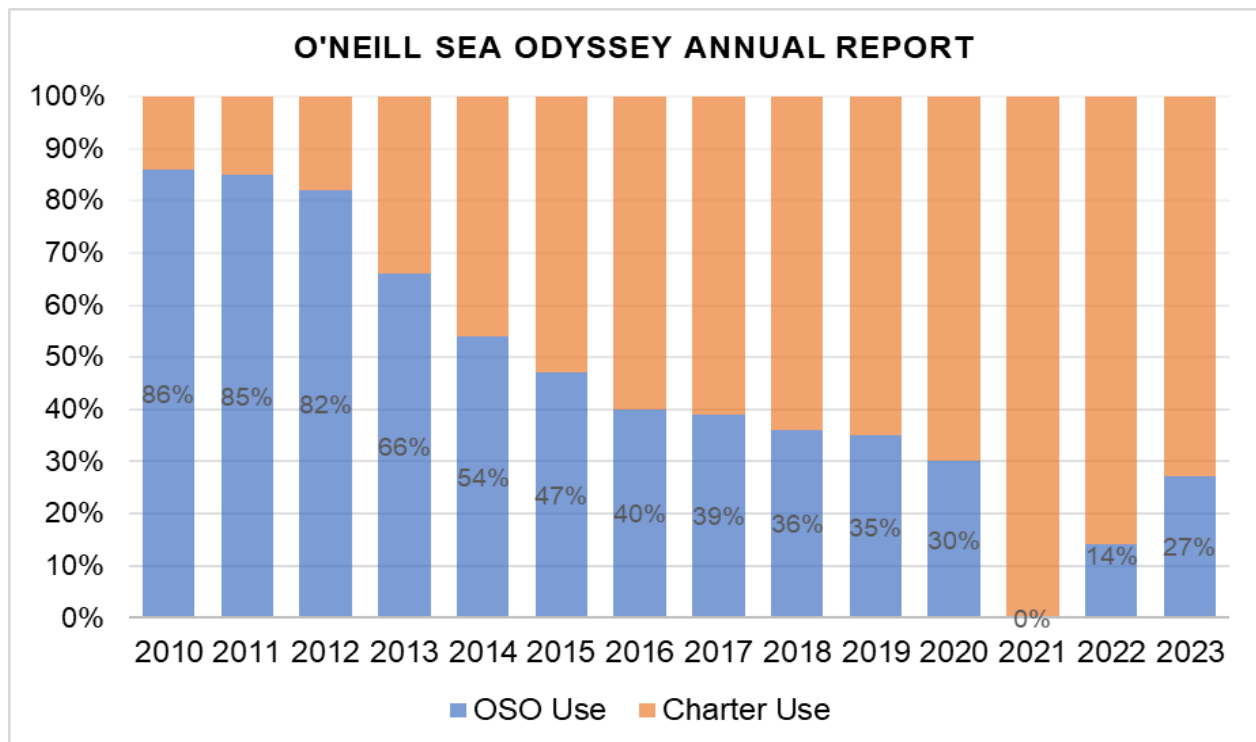
TO: Port Commission  
 FROM: Holland MacLaurie, Port Director  
 DATE: July 14, 2023  
 SUBJECT: O'Neill Sea Odyssey Annual Report

**BACKGROUND:**

In 2007, the Commission approved a modification to the slip rent and charter fee structure for O'Neill Sea Odyssey (OSO), which provides a percentage discount to the slip rent and charter fee, in an amount equal to the percentage of time the *Team O'Neill* catamaran is used for the OSO program.

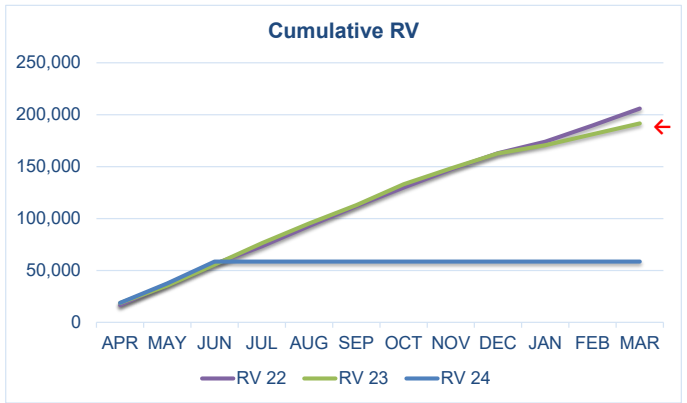
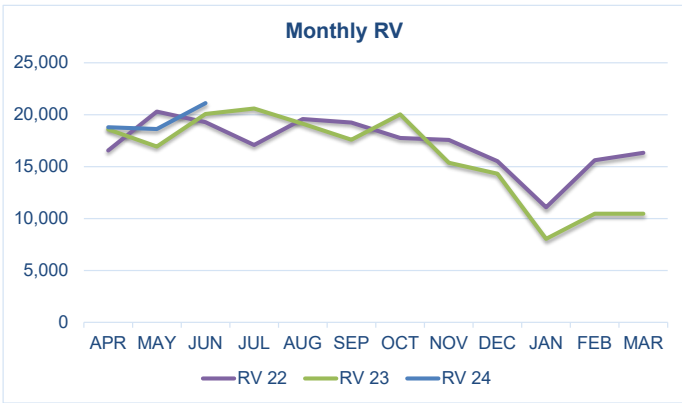
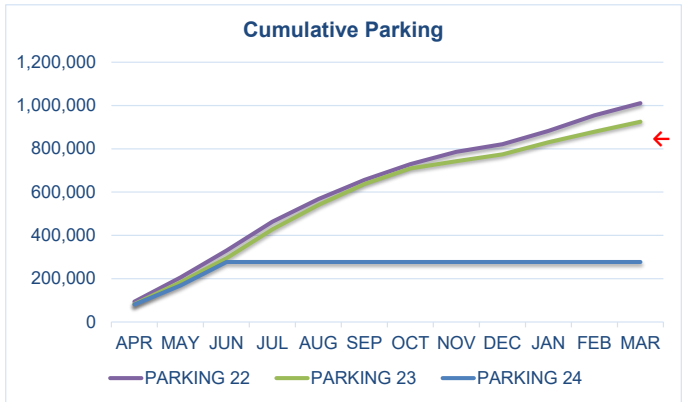
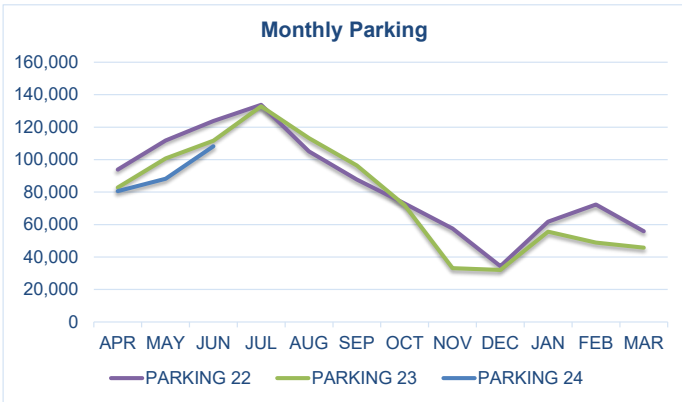
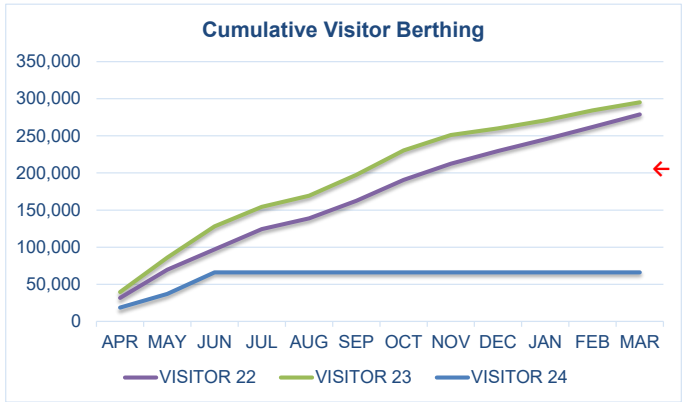
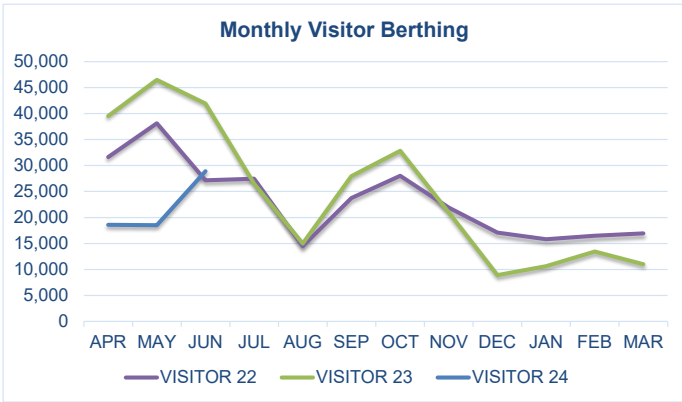
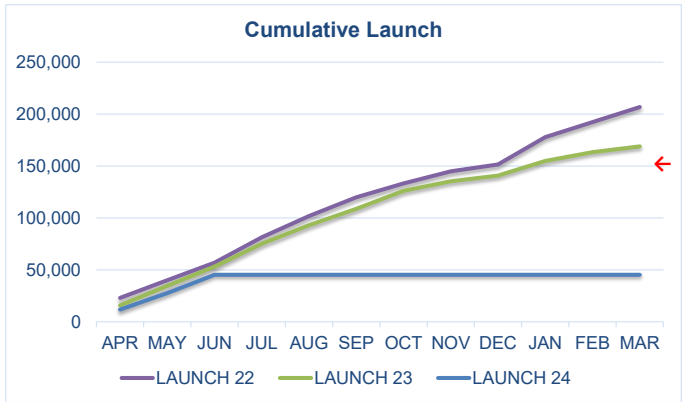
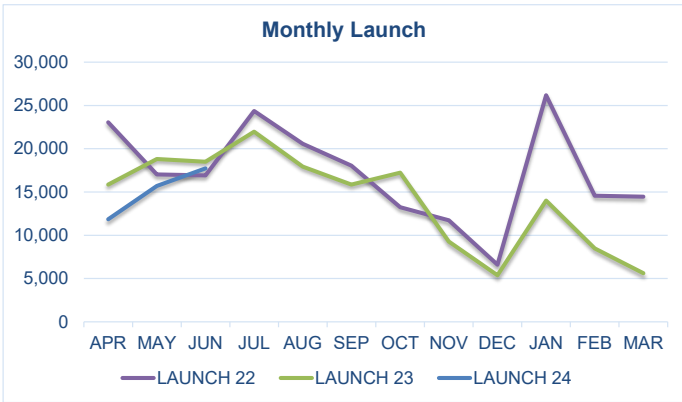
This modified rent structure is intended to reflect the public benefit offered by the OSO program. The annual report submitted by OSO covers the period July 1, 2022, to June 30, 2023, and shows the use as 73% charter and 27% OSO.

Slip fees have been adjusted, effective July 1, 2023.



Santa Cruz Port District  
**SEASONAL INCOME**  
 For the Three Months Ending June 30, 2023

FY24 Budget ←



Santa Cruz Port District  
**Monthly Budget Report**  
For the Three Months Ending Friday, June 30, 2023

Account	Description	YTD	FY24 BUDGET	% BUDGET	FY23 YTD	Variance
<b>OPERATING INCOME</b>						
000-000-000-0000-4000	Slip Rent Permanent	\$1,247,210	\$5,030,700	25%	\$1,209,411	\$37,800
000-000-000-0000-4002	Slip Rent Visitors	\$66,028	\$210,000	31%	\$127,932	(\$61,904)
000-000-000-0000-4003	Annual Slip Rent Discount	(\$295)	(\$1,225)	24%	(\$477)	\$182
000-000-000-0000-4006	Tenant Concession Rent	\$483,482	\$2,054,400	24%	\$481,893	\$1,589
000-000-000-0000-4008	Misc. Tenant Rent (Sewer)	\$16,901	\$135,000	13%	\$18,602	(\$1,701)
000-000-000-0000-4010	Launch Fees	\$45,284	\$155,000	29%	\$53,154	(\$7,870)
000-000-000-0000-4012	Liveaboard	\$26,843	\$75,000	36%	\$20,215	\$6,628
000-000-000-0000-4014	Catamaran Storage	\$7,074	\$26,000	27%	\$7,206	(\$131)
000-000-000-0000-4016	North Harbor Dry Storage	\$51,671	\$195,000	26%	\$49,626	\$2,045
000-000-000-0000-4018	7th Ave Dry Storage	\$30,215	\$122,000	25%	\$30,319	(\$105)
000-000-000-0000-4020	Waiting List	\$5,452	\$120,000	5%	\$5,900	(\$448)
000-000-000-0000-4024	Slip Leave Option		\$3,000	0%	(\$250)	\$250
000-000-000-0000-4026	Partnership Fees	\$8,580	\$30,000	29%	\$7,892	\$688
000-000-000-0000-4028	Sublease Fees	\$10,780	\$35,000	31%	\$11,189	(\$409)
000-000-000-0000-4030	Variable/Utility Fees	\$61,939	\$207,250	30%	\$52,933	\$9,006
000-000-000-0000-4032	Late Fees	\$13,789	\$50,000	28%	\$14,939	(\$1,150)
000-000-000-0000-4036	Citations	\$35,832	\$98,000	37%	\$28,929	\$6,903
000-000-000-0000-4040	Credit Card Convenience Charges	\$7,306	\$22,000	33%	\$6,552	\$753
000-000-000-0000-4100	Parking - Concession Lot	\$166,550	\$880,000	31%	\$164,859	\$1,691
000-000-000-0000-4102	Parking - Launch Area	\$7,677			\$12,012	(\$4,335)
000-000-000-0000-4104	Parking - Southwest	\$53,492			\$52,965	\$527
000-000-000-0000-4106	Parking - North	\$7,931			\$12,598	(\$4,668)
000-000-000-0000-4108	Parking - Southeast	\$31,452			\$40,899	(\$9,447)
000-000-000-0000-4118	Meter Permits	\$3,459			\$6,057	(\$2,599)
000-000-000-0000-4120	Slip Renter Parking Permits	\$6,540	\$26,000	25%	\$5,688	\$852
000-000-000-0000-4122	RV Parking	\$58,520	\$195,000	30%	\$55,587	\$2,933
000-000-000-0000-4200	Fuel Sales Gasoline	\$80,027	\$345,000	23%	\$157,265	(\$77,238)
000-000-000-0000-4202	Fuel Sales Diesel	\$42,482	\$465,000	9%	\$299,917	(\$257,435)
000-000-000-0000-4210	Wash Rack	\$2,006	\$6,500	31%	\$2,672	(\$667)
000-000-000-0000-4220	Boatyard Retail	\$5,064	\$16,500	31%	\$6,804	(\$1,740)
000-000-000-0000-4225	Boatyard Labor	\$195	\$750	26%	\$65	\$130
000-000-000-0000-4230	Boatyard Rental	\$795	\$3,000	27%	\$1,495	(\$700)
000-000-000-0000-4235	Boatyard Misc.	\$11,014	\$32,000	34%	\$11,763	(\$749)
000-000-000-0000-4240	Lay Days/Storage	\$30,738	\$140,000	22%	\$67,318	(\$36,580)
000-000-000-0000-4245	Vessel Haulout	\$50,779	\$132,000	38%	\$42,595	\$8,184
000-000-000-0000-4250	Vessel Berthing	\$9,101	\$32,000	28%	\$15,305	(\$6,204)
	<b>OPERATING INCOME</b>	<b>\$2,685,910</b>	<b>\$10,840,875</b>	<b>25%</b>	<b>\$3,081,827</b>	<b>(\$395,917)</b>

Santa Cruz Port District  
**Monthly Budget Report**  
For the Three Months Ending Friday, June 30, 2023

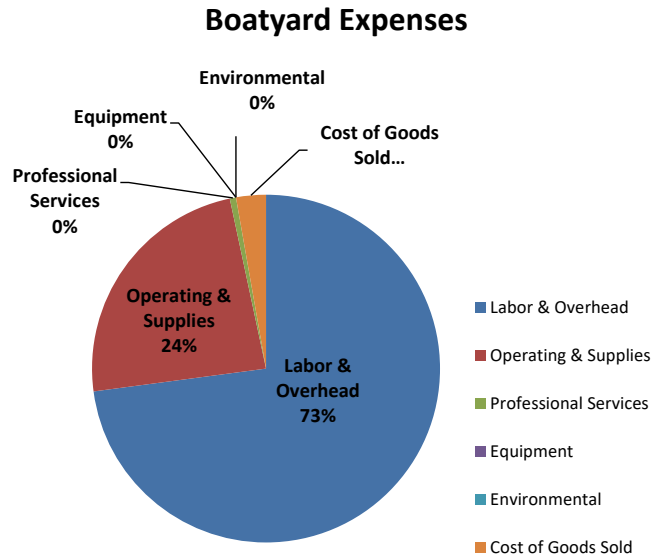
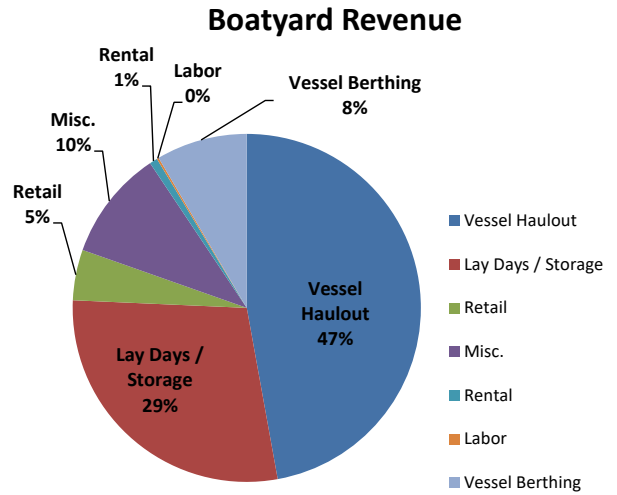
Account	Description	YTD	FY24 BUDGET	% BUDGET	FY23 YTD	Variance
<b>EXPENSE SUMMARY BY PROGRAM</b>						
	Administrative Services (110)	\$198,781	\$889,563	22%	\$190,578	\$8,203
	Finance & Purchasing (120)	\$41,246	\$239,618	17%	\$45,441	(\$4,194)
	Property Management (130)	\$192,586	\$842,315	23%	\$151,003	\$41,583
	Environmental & Permitting (140)	\$17,029	\$189,158	9%	\$18,253	(\$1,224)
	Port Commission Support (190)	\$18,094	\$78,653	23%	\$14,908	\$3,186
	Harbor Patrol (210)	\$183,025	\$863,451	21%	\$179,256	\$3,769
	Marina Management (220)	\$141,321	\$611,835	23%	\$126,114	\$15,207
	Rescue Services (230)	\$24,899	\$144,756	17%	\$23,228	\$1,671
	Parking Services (240)	\$101,095	\$384,271	26%	\$101,168	(\$73)
	Events (250)	\$3,301	\$33,179	10%	\$6,586	(\$3,285)
	Fuel Services (280)	\$84,724	\$516,338	16%	\$345,919	(\$261,196)
	Docks, Piers, Marine Structures (310)	\$191,763	\$679,068	28%	\$121,271	\$70,492
	Utilities (320)	\$18,273	\$109,072	17%	\$26,374	(\$8,101)
	Buildings (330)	\$102,264	\$465,185	22%	\$87,861	\$14,403
	Grounds (340)	\$223,825	\$865,519	26%	\$234,055	(\$10,230)
	Aeration (350)	\$12,358	\$59,229	21%	\$9,465	\$2,893
	Fishery Support (360)	\$2,562	\$17,024	15%	\$4,813	(\$2,251)
	Capital Projects (390)	\$23,674	\$363,503	7%	\$29,595	(\$5,921)
	Dredging Operations (400)	\$312,814	\$1,653,480	19%	\$385,362	(\$72,548)
	Boatyard Operations (500)	\$84,288	\$408,535	21%	\$116,001	(\$31,714)
	<b>OPERATING EXPENSES</b>	<b>\$1,977,922</b>	<b>\$9,413,753</b>	<b>21%</b>	<b>\$2,217,250</b>	<b>(\$239,328)</b>
	<b>OPERATING PROFIT</b>	<b>\$707,988</b>	<b>\$1,427,122</b>	<b>50%</b>	<b>\$864,577</b>	<b>(\$156,589)</b>
<b>NON OPERATING INCOME/(EXPENSE)</b>						
	000-000-000-0000-4300 Harbor Services Charge	\$2,998	\$10,000	30%	\$200	\$2,798
	000-000-000-0000-4308 Interest Income	\$60,514	\$125,000	48%	\$416	\$60,097
	000-000-000-0000-4310 Other Income	\$28,391	\$85,000	33%	\$17,460	\$10,931
	000-000-000-0000-4375 USACE Reimbursement		\$525,000	0%	\$0	\$0
	000-000-000-0000-4405 Grants - DBAW	\$13,552	\$12,000	113%	\$6,944	\$6,608
	000-000-000-0000-4406 County Rescue Contribution	\$25,000	\$50,000	50%	\$22,500	\$2,500
	000-000-000-0000-4408 Waste Oil Grant	\$5,802	\$12,000	48%	\$6,704	(\$902)
	000-000-000-0000-4500 Gain/(Loss) on Asset Disposal	\$3,050		0%		\$3,050
	000-000-000-0000-4412 Tsunami Insurance Reimbursement		\$0	0%	\$270,000	(\$270,000)
	000-000-000-0000-4600 Cash Over/Under	(\$448)		0%	(\$37)	(\$410)
	000-000-000-0000-4900 Election Expense	\$0		0%		\$0
	Principal Debt Payments	(\$129,247)	(\$1,365,818)	9%	(\$121,518)	(\$7,729)
	Capital Improvement Program	(\$225,616)	(\$500,000)	45%	(\$76,539)	(\$149,077)
	Capitalized Expenses	(\$95,641)	(\$212,500)	45%	(\$63,079)	(\$32,562)
	Depreciation	(\$420,005)	\$0	0%	(\$420,005)	\$0
	<b>NET INCOME/(LOSS)</b>	<b>(\$23,662)</b>	<b>\$167,804</b>	<b>(14%)</b>	<b>\$507,623</b>	<b>(\$531,285)</b>

Santa Cruz Port District  
**Employee Count**  
As of June 30, 2023

Department	Employee Name	FTE %	Unrepresented	Position
ADMIN	Bouchard, Christine	100%		Administrative Services Manager
ADMIN	Eldridge, Mark	100%		Accounting Technician II
ADMIN	Ghisletta, Renee	100%		Administrative Assistant II
ADMIN	MacLaurie, Holland	100%		Port Director
FACILITIES	Acevedo, Arturo	100%		Harbor Maintenance Worker III
FACILITIES	Castro, Nathan	100%		Harbor Dredge Worker II
FACILITIES	Forbes, Alden		var	Harbor Dredge Worker I
FACILITIES	Goering, Bryce	100%		Harbor Dredge Worker II
FACILITIES	Gullo, Nicholas	100%		Supervising Harbor Maint. Worker
FACILITIES	Lopez, Jorge	100%		Harbor Maintenance Worker III
FACILITIES	Marty, Randy	100%		Harbor Maintenance Worker III
FACILITIES	Ramos, Brenda	100%		Facilities Coordinator
FACILITIES	Simoni, Daniel	100%		Harbor Dredge Worker II
FACILITIES	Stipanovich, Rory	100%		Supervising Harbor Dredge Worker
FACILITIES	Tandoi, Steven	100%		Harbor Dredge Worker III
FACILITIES	Vera, Jose	100%		Harbor Maintenance Worker III
FACILITIES	Wagoner, Joshua	100%		Harbor Dredge Worker III
FACILITIES	Wulf, Carl	100%		Facilities, Maintenance, & Engineering Manager
OPERATIONS	Anderson, Blake	100%		Harbormaster
OPERATIONS	Ash, Jaylene		var	Parking Control / Water Taxi Crew
OPERATIONS	Gitler, Mark		var	Operations Assistant / Dredge Monitor
OPERATIONS	Gottlieb, Landon	100%		Deputy Harbormaster
OPERATIONS	Guy, Parker	100%		Deputy Harbormaster
OPERATIONS	Hann, Alfred		var	Operations Assistant
OPERATIONS	Haynes, John	100%		Senior Deputy Harbormaster
OPERATIONS	Henning, Nicholas	100%		Boatyard Crew
OPERATIONS	Hill, David	100%		Deputy Harbormaster
OPERATIONS	Kingdom, Kyle	100%		Deputy Harbormaster
OPERATIONS	Kusaba-Kusumoto, Kalee		var	Parking Control
OPERATIONS	Loelhoeffel, Katrin		var	Operations Assistant
OPERATIONS	Long, John		var	Parking Control
OPERATIONS	Lundberg, Darya		var	Customer Service Representative
OPERATIONS	Mangus, Stephanie		var	Parking Control / Dredge Monitor
OPERATIONS	Melrose, Kevin	100%		Boatyard Supervisor
OPERATIONS	Melrose, Peter	100%		Deputy Harbormaster
OPERATIONS	Melrose, Richard	100%		Parking Coordinator
OPERATIONS	Nelson, Michael		var	Parking Control / Water Taxi Crew / Dredge Monitor
OPERATIONS	Nowak, Chris		var	Water Taxi Operator
OPERATIONS	Pasquuali, Richard		var	Water Taxi Operator
OPERATIONS	Rasmussen, Scott		var	Water Taxi Operator
OPERATIONS	Rothwell, Niki	100%		Customer Service Representative
OPERATIONS	Rothwell, Sean	100%		Assistant Harbormaster
OPERATIONS	Stelter, Richard		var	Parking Control
OPERATIONS	Wilczynksi, Timothy		var	Boatyard Crew / Janitorial
<b>Total FTE</b>		<b>29</b>		

Santa Cruz Port District  
**Quarterly Boatyard Report**  
 For the Three Months Ending June 30, 2023

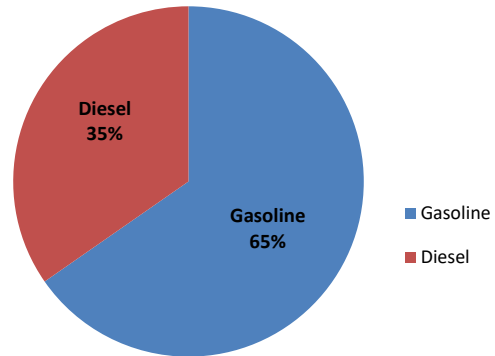
	QTD Apr - Jun	YTD Apr - Jun	% of Budget
<b>Boatyard Revenue</b>			
Vessel Haulout	\$50,779	\$50,779	38%
Lay Days / Storage	\$30,738	\$30,738	22%
Retail	\$5,064	\$5,064	31%
Misc.	\$11,014	\$11,014	34%
Rental	\$795	\$795	27%
Labor	\$195	\$195	26%
Vessel Berthing	\$9,101	\$9,101	28%
<b>Total Revenue</b>	<b>\$107,684</b>	<b>\$107,684</b>	<b>30%</b>
<b>Boatyard Expenses</b>			
Labor & Overhead	\$61,447	\$61,447	21%
Operating & Supplies	\$20,020	\$20,020	25%
Professional Services	\$488	\$488	11%
Equipment	\$0	\$0	0%
Environmental	\$0	\$0	0%
Cost of Goods Sold	\$2,333	\$2,333	23%
<b>Total Operating Expenses</b>	<b>\$84,288</b>	<b>\$84,288</b>	<b>21%</b>
<b>Net Profit / (Loss)</b>	<b>\$23,397</b>	<b>\$23,397</b>	



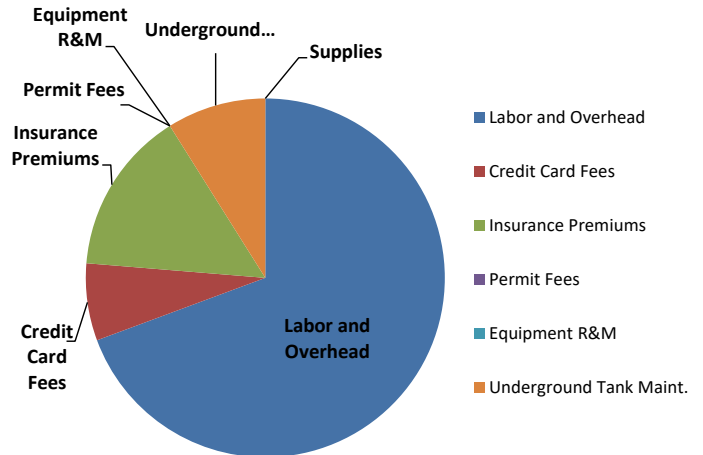
Santa Cruz Port District  
**Quarterly Fuel Dock Report**  
 For the Three Months Ending June 30, 2023

	QTD Apr - Jun	YTD Apr - Jun	% of Budget
<b>Fuel Dock Revenue</b>			
Gasoline	\$80,027	\$80,027	23%
Diesel	\$42,482	\$42,482	9%
<b>Total Revenue</b>	<b>\$122,509</b>	<b>\$122,509</b>	<b>15%</b>
<b>Cost of Sales</b>			
Gasoline	\$24,633	\$24,633	12%
Diesel	\$48,511	\$48,511	21%
<b>Total Cost of Sales</b>	<b>\$73,145</b>	<b>\$73,145</b>	<b>17%</b>
<b>Gross Profit</b>	<b>\$49,364</b>	<b>\$49,364</b>	
<b>Gross Profit Margin</b>	<b>40%</b>	<b>40%</b>	
<b>Operating Expenses</b>			
Labor and Overhead	\$8,029	\$8,029	17%
Credit Card Fees	\$805	\$805	10%
Insurance Premiums	\$1,711	\$1,711	43%
Permit Fees	\$0	\$0	0%
Equipment R&M	\$0	\$0	0%
Underground Tank Maint.	\$1,033	\$1,033	12%
Supplies	\$0	\$0	0%
<b>Total Operating Expenses</b>	<b>\$11,579</b>	<b>\$11,579</b>	<b>15%</b>
<b>Net Profit / (Loss)</b>	<b>\$37,785</b>	<b>\$37,785</b>	
<b>Profit Margin</b>	<b>31%</b>	<b>31%</b>	

**Fuel Dock Revenue**



**Fuel Dock Expenses**

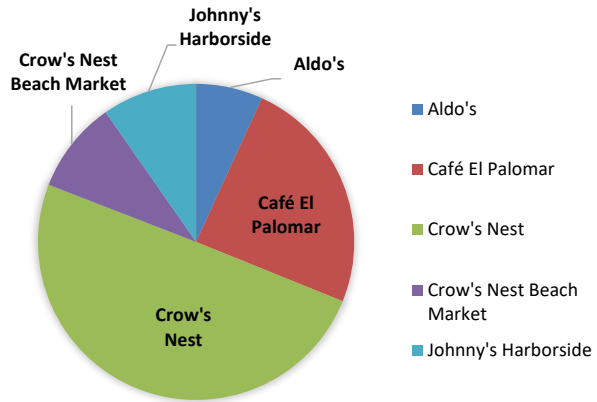




Santa Cruz Port District  
**Quarterly Concession Rent Report**  
 For the Three Months Ending June 30, 2023

	FY 2024	
	QTD Apr - June	YTD Apr - Jun
<b>Base Rent</b>		
Aldo's	6,269	6,269
Café El Palomar	45,948	45,948
Crow's Nest	-	-
Crow's Nest Beach Market	19,860	19,860
Johnny's Harborside	25,856	25,856
<b>Total Base Rent</b>	<b>\$ 97,932</b>	<b>\$ 97,932</b>
<b>% Rent</b>		
Aldo's	11,963	11,963
Café El Palomar	18,842	18,842
Crow's Nest	132,778	132,778
Crow's Nest Beach Market	5,260	5,260
Johnny's Harborside	-	-
<b>Total % Rent</b>	<b>\$168,843</b>	<b>\$168,843</b>
<b>Total Rent</b>		
Aldo's	18,232	18,232
Café El Palomar	64,790	64,790
Crow's Nest	132,778	132,778
Crow's Nest Beach Market	25,120	25,120
Johnny's Harborside	25,856	25,856
<b>Total Rent</b>	<b>\$ 266,776</b>	<b>\$ 266,776</b>

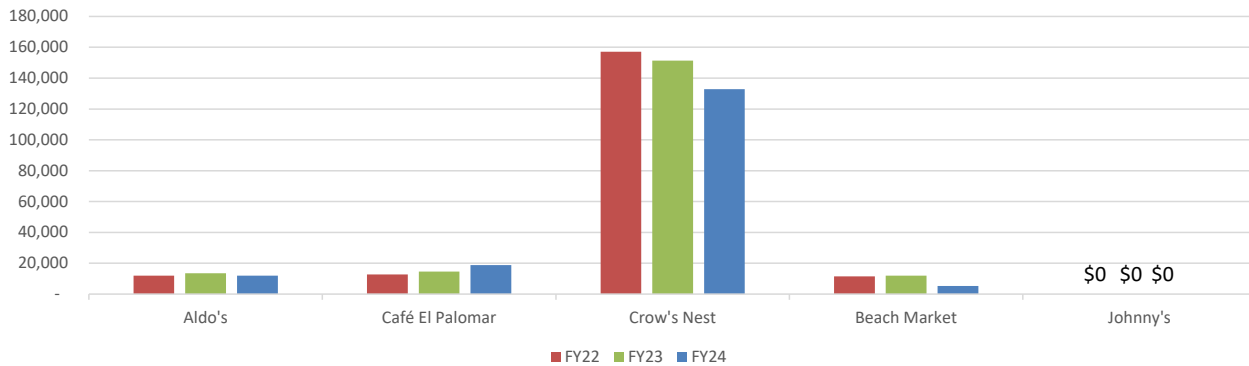
**TOTAL CONCESSION RENT YTD**



**YTD 3-Year Concession % Rent**

Tenant	FY22	FY23	FY24
Aldo's	11,968	13,504	11,963
Café El Palomar	12,711	14,568	18,842
Crow's Nest	157,110	151,303	132,778
Beach Market	11,556	11,921	5,260
Johnny's	-	-	-

**PERCENTAGE RENT YTD**



California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
 P.O. Box 942809  
 Sacramento, CA 94209-0001  
 (916) 653-3001

July 03, 2023

[LAIF Home](#)  
[PMIA Average](#)  
[Monthly Yields](#)

SANTA CRUZ PORT DISTRICT

PORT DIRECTOR  
 135 5TH AVENUE  
 SANTA CRUZ, CA 95062

[Tran Type Definitions](#)

**Account Number:**

June 2023 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
6/8/2023	6/8/2023	RW	1730333	N/A	HOLLAND MAC LAURIE	-500,000.00

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	719,082.93
Total Withdrawal:	-500,000.00	Ending Balance:	219,082.93



# PMIA/LAIF Performance Report as of 07/17/23



## Quarterly Performance Quarter Ended 06/30/23

LAIF Apportionment Rate <sup>(2)</sup> :	TBD
LAIF Earnings Ratio <sup>(2)</sup> :	TBD
LAIF Administrative Cost <sup>(1)*</sup> :	TBD
LAIF Fair Value Factor <sup>(1)</sup> :	0.984828499
PMIA Daily <sup>(1)</sup> :	3.26
PMIA Quarter to Date <sup>(1)</sup> :	3.01
PMIA Average Life <sup>(1)</sup> :	260

## PMIA Average Monthly Effective Yields<sup>(1)</sup>

<b>June</b>	<b>3.167</b>
May	2.993
April	2.870
March	2.831
February	2.624
January	2.425

## Pooled Money Investment Account Monthly Portfolio Composition <sup>(1)</sup> 06/30/23 \$178.4 billion

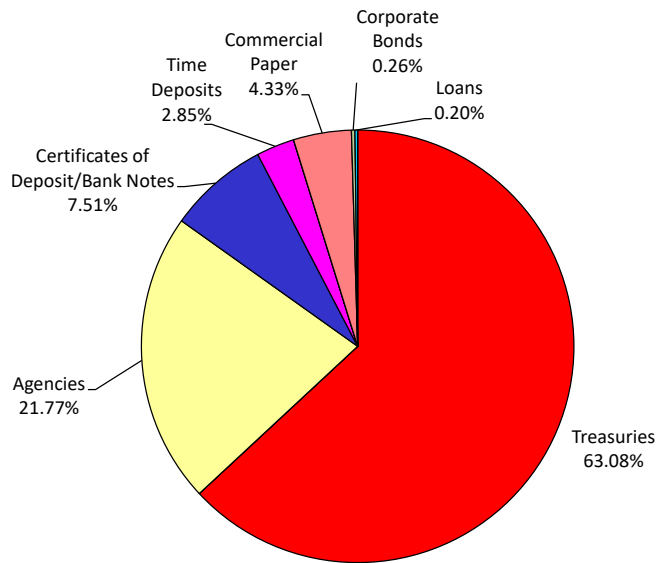


Chart does not include \$2,861,000.00 in mortgages, which equates to 0.002%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

\*The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.

Source:

<sup>(1)</sup> State of California, Office of the Treasurer

<sup>(2)</sup> State of California, Office of the Controller



**Santa Cruz Port District**  
**135 5th Avenue**  
**Santa Cruz, CA 95062**

**California CLASS**

**California CLASS**

Average Monthly Yield: 5.2264%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
Port District Main	100,014.21	13,250,000.00	0.00	53,792.06	53,806.27	12,981,807.28	13,403,806.27
<b>TOTAL</b>	<b>100,014.21</b>	<b>13,250,000.00</b>	<b>0.00</b>	<b>53,792.06</b>	<b>53,806.27</b>	<b>12,981,807.28</b>	<b>13,403,806.27</b>



Port District Main

Account Summary

Average Monthly Yield: 5.2264%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
California CLASS	100,014.21	13,250,000.00	0.00	53,792.06	53,806.27	12,981,807.28	13,403,806.27

Transaction Activity

Transaction Date	Transaction Description	Contributions	Withdrawals	Balance	Transaction Number
06/01/2023	Beginning Balance			100,014.21	
06/01/2023	Contribution	12,500,000.00			869
06/09/2023	Contribution	350,000.00			1002
06/13/2023	Contribution	150,000.00			1009
06/27/2023	Contribution	250,000.00			1050
06/30/2023	Income Dividend Reinvestment	53,792.06			
06/30/2023	Ending Balance			13,403,806.27	



California CLASS

California CLASS

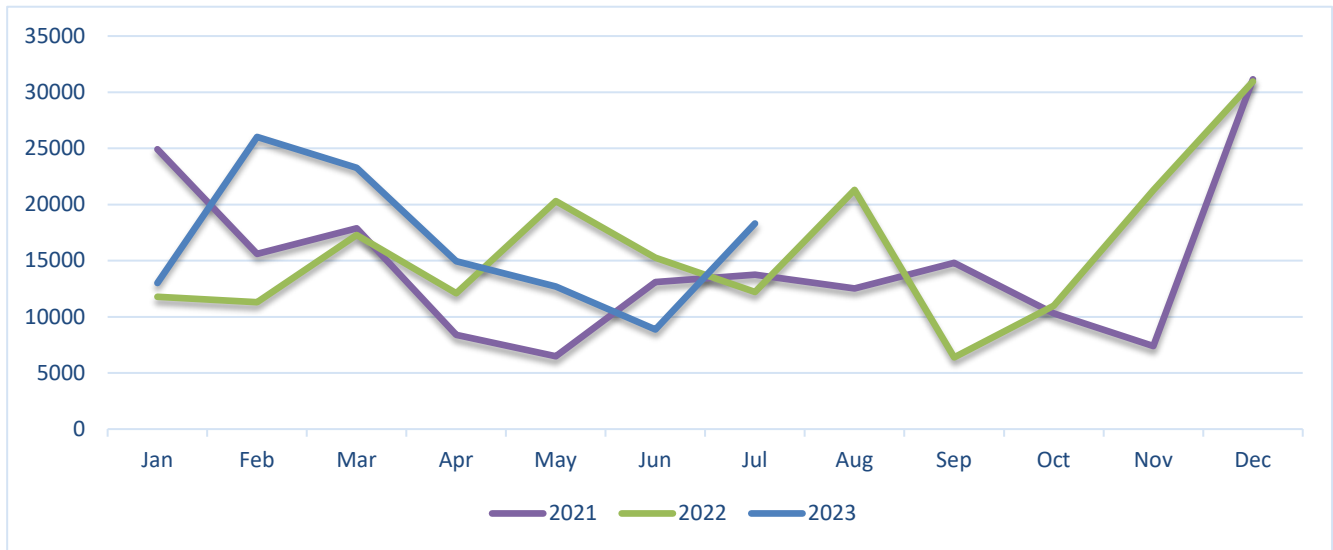
Date	Dividend Rate	Daily Yield
06/01/2023	0.000141476	5.1639%
06/02/2023	0.000424686	5.1670%
06/03/2023	0.000000000	5.1670%
06/04/2023	0.000000000	5.1670%
06/05/2023	0.000142061	5.1852%
06/06/2023	0.000142078	5.1858%
06/07/2023	0.000142768	5.1976%
06/08/2023	0.000142759	5.2107%
06/09/2023	0.000429396	5.2243%
06/10/2023	0.000000000	5.2243%
06/11/2023	0.000000000	5.2243%
06/12/2023	0.000143032	5.2207%
06/13/2023	0.000142822	5.2130%
06/14/2023	0.000143162	5.2254%
06/15/2023	0.000143620	5.2421%
06/16/2023	0.000575376	5.2503%
06/17/2023	0.000000000	5.2503%
06/18/2023	0.000000000	5.2503%
06/19/2023	0.000000000	5.2503%
06/20/2023	0.000143719	5.2458%
06/21/2023	0.000143820	5.2494%
06/22/2023	0.000143932	5.2535%
06/23/2023	0.000430362	5.2361%
06/24/2023	0.000000000	5.2361%
06/25/2023	0.000000000	5.2361%
06/26/2023	0.000143832	5.2499%
06/27/2023	0.000144123	5.2605%
06/28/2023	0.000144422	5.2714%
06/29/2023	0.000144311	5.2674%
06/30/2023	0.000144250	5.2651%

Performance results are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**

Santa Cruz Port District  
**60 DAY DELINQUENT ACCOUNTS**

The following accounts have balances 60 days delinquent as of July 20, 2023

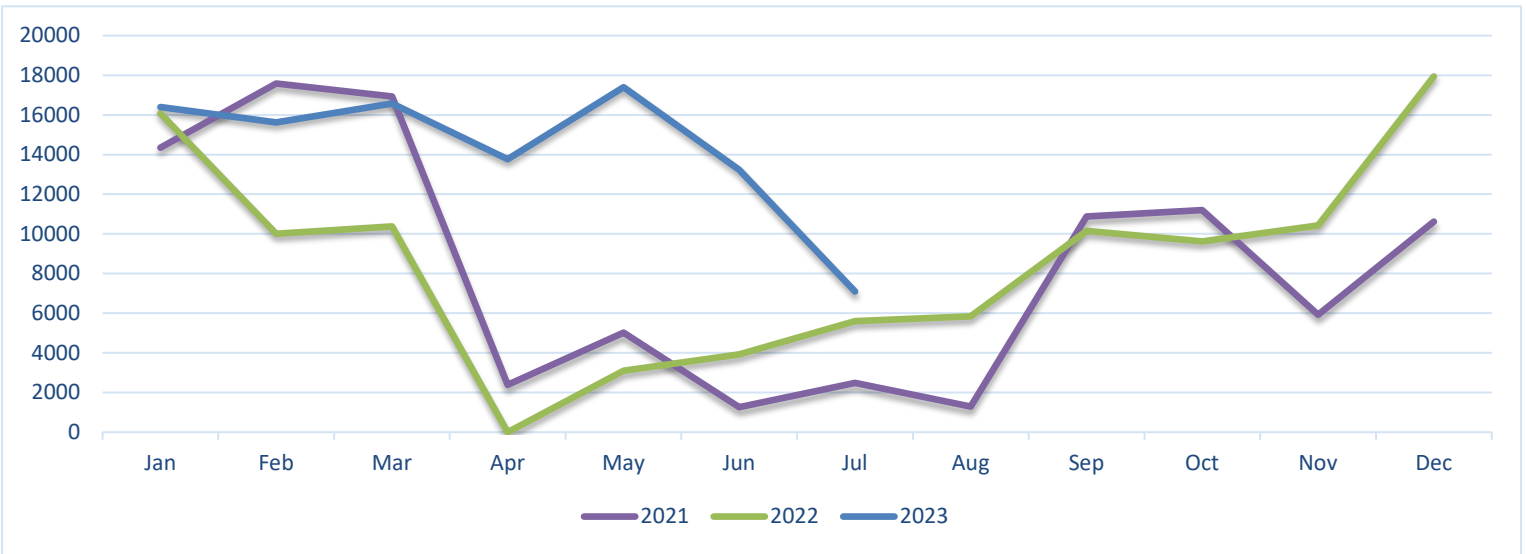
Account Number	Current Month	30 Day Balance	60 Day Balance	90 Day Balance	Total Balance
4134	1,135.81	1,142.97	949.76	0.00	3,228.54
42228	927.76	920.36	887.73	0.00	2,735.85
47438	682.78	715.07	632.98	0.00	2,030.83
55740	511.94	507.95	478.96	0.00	1,498.85
47248	469.08	465.44	436.80	0.00	1,371.32
2093	530.49	510.37	301.08	0.00	1,341.94
2002	424.30	421.03	348.79	0.00	1,194.12
48319	553.06	526.40	48.64	0.00	1,128.10
47585	481.31	477.55	3.35	0.00	962.21
55475	378.04	377.61	82.96	0.00	838.61
58897	216.19	214.63	188.06	0.00	618.88
58308	161.57	160.45	134.33	0.00	456.35
29726	0.00	0.00	420.21	0.00	420.21
57172	89.19	88.67	63.14	0.00	241.00
58302	67.15	104.55	56.92	0.00	228.62
<b>Total</b>	<b>\$ 6,628.67</b>	<b>\$ 6,633.05</b>	<b>\$ 5,033.71</b>	<b>\$ -</b>	<b>\$ 18,295.43</b>



Santa Cruz Port District  
**90+ DAY DELINQUENT ACCOUNTS**

*The following accounts have balances 90 days delinquent or greater as of July 20, 2023*

Account Number	Current Month	30 Day Balance	60 Day Balance	90+ Day Balance	Total Balance	Commercial Slip	Action
58883	1,312.36	505.69	1,464.77	567.80	3,850.62		
56573	596.73	329.56	586.93	286.20	1,799.42	X	Revoke
57958	217.76	216.19	214.63	188.06	836.64		Revoke
57927	163.51	166.71	165.59	263.46	759.27		Revoke
<b>Total</b>	<b>\$ 2,290.36</b>	<b>\$ 1,218.15</b>	<b>\$ 2,431.92</b>	<b>\$ 1,305.52</b>	<b>\$ 7,245.95</b>		







TO: Port Commission  
FROM: Sean Rothwell, Assistant Harbormaster  
DATE: July 5, 2023  
SUBJECT: Harbor Patrol Incident Response Report – June 2023

***Search and Rescue, Patrol Boat Response***

- 6/2/23 Harbor Patrol responded to a report of a vessel in distress in the area of Twin Lakes State Beach. While en route, Harbor Patrol was notified that the vessel was underway and did not need any assistance.
- 6/14/23 Harbor Patrol responded to a report of two swimmers in distress in the area of Mitchell Cove. Upon arrival, both swimmers self-rescued. Harbor Patrol returned to harbor without incident.
- 6/18/23 Harbor Patrol responded to a report of a tandem kayak in distress in the area of Harbor Beach. Upon arrival, Harbor Patrol assisted two victims on board the patrol vessel and provided transport back to the harbor. No injuries reported.
- 6/24/23 Harbor Patrol responded to a report of a kite surfer in distress in the area of Scott Creek. Upon arrival, the surfer self-rescued. Harbor Patrol returned to the harbor without incident.
- 6/26/23 Harbor Patrol responded to a vessel in distress in the area of Twin Lakes State Beach. Upon arrival, it was determined that the vessel had lost power and was drifting toward shore. Harbor Patrol towed the vessel to the harbor without incident.

***Crime Reports, Assist Outside Department, and Incident Reports***

- 6/1/23 Harbor Patrol responded to a report of a physical altercation between two subjects at a harbor concessionaire. Both subjects were separated and cited for *California Penal Code §242 – Simple Battery*.
- 6/3/23 At the request of the Santa Cruz Police Department, Harbor Patrol assisted in conducting a search warrant on a vessel for firearms. No firearms were found.
- 6/5/23 At the request of the Santa Cruz Police Department, Harbor Patrol responded to a vehicle burglary in the area of Atlantic Avenue. Harbor Patrol assisted in a search of the area, but the subject was not located. No suspect information available.
- 6/9/23 Harbor Patrol responded to a report of a verbal altercation in the area of Lake Avenue. Harbor Patrol de-escalated the situation and cleared the scene without incident.

- 6/10/23 Harbor Patrol took an accident report after a bicyclist followed a car through the automated concession lot exit gate and was struck by the lowering gate arm. Minor injuries were reported, but medical attention was declined.
- 6/10/23 Harbor Patrol conducted a traffic stop after a motorist was observed driving erratically on Murray Street Bridge. The case was turned over to Santa Cruz Police, and the suspect was subsequently arrested for driving under the influence.
- 6/11/23 Harbor Patrol responded to a report of an intoxicated subject who fell in the area of the concession parking lot. The subject was transported to Dominican Hospital by paramedics for evaluation.
- 6/15/23 Harbor Patrol responded to a report of an intoxicated subject in the area of Harbor Beach. The subject was taken into custody for public intoxication and transported to Dominican Hospital by Harbor Patrol.
- 6/15/23 Harbor Patrol responded to a report of an accident in the area of the east access service road after a bicyclist traveling downhill ran the stop sign and swerved to avoid colliding with a service vehicle. Upon arrival, paramedics were evaluating the victim for minor injuries. The victim was transported to Dominican Hospital by paramedics.
- 6/21/23 Harbor Patrol responded to a report of suspicious activity in the area of P-dock. Upon arrival, Harbor Patrol contacted a subject tampering with a parked vehicle. The subject was taken into custody by Harbor Patrol for public intoxication and transported to Santa Cruz County Jail.
- 6/22/23 Harbor Patrol took a stolen property report after a wallet that was left unattended in the concession parking lot restroom went missing. The suspect was located and identified by the victim. Harbor Patrol cited the suspect for Penal Code § 484 - *Petty Theft*.
- 6/30/23 Harbor Patrol responded to a report of a fuel spill in the parking area of I-dock. Upon arrival, Harbor Patrol deployed spill response material to contain and clean up the spill. The vehicle owner was invoiced for the cost recovery.

***Parking Citations:***

June 2023 Parking Citations:	485
June 2022 Parking Citations:	456

# Santa Cruz Port District

## Port Commission Review Calendar / Follow-Up Items 2023-24

### 2023

#### January-March

- ✓ Committee Assignments for 2023
- ✓ Sea Scouts' Biannual Report
- ✓ FY 24 Budget
- ✓ Review 5-year CIP
- ✓ Slip Vacancy Biannual Report / Waiting List Statistics
- ✓ Form 700 Filing (due by 3/31 each year)
- ✓ Biennial Anti-Harassment/Anti-Discrimination Training
- ✓ Crow's Nest Beach Market Rent Review at Option Period Ending 4/30/2023  
*2 (5) year options to extend*
- ✓ Intero Real Estate Rent Review at Option Period Ending 5/31/2023  
*1 (5) year option to extend*

#### April-June

- Dredge Report 2022-24 (moved to August)

#### July-September

- Annual O'Neill Sea Odyssey Report (annual review of slip rent reduction. PC action Jul-07)
- Sea Scouts' Biannual Report
- Slip Vacancy Biannual Report / Waiting List Statistics
- Review of CalPERS Actuarial Valuation Report

#### October-December

- Mid Fiscal Year Review of CIP
- Annual Vessel Use List Review
- Annual Review of Business Use of Slips
- Ethics Training Update (due by year end)
- Port Commission Officers for 2024

### Committee Review Items

- ✓ Comprehensive Review of Charter Fees and Public Benefit Discount Policy (January – April 2023)

### 2024

#### January-March

- Committee Assignments for 2024
- Sea Scouts' Biannual Report
- FY 25 Budget
- Review 5-year CIP
- Slip Vacancy Biannual Report / Waiting List Statistics
- Form 700 Filing (due by 3/31 each year)

#### April-June

- Café El Palomar Lease Exp. 7/31/2024  
*2 (5) year option to extend / rent review at first or second option period*
- Biennial Update to Conflict-of-Interest Code

#### July-September

- Annual O'Neill Sea Odyssey Report (annual review of slip rent reduction. PC action Jul-07)
- Dredge Report 2023-24
- Sea Scouts' Biannual Report
- Slip Vacancy Biannual Report / Waiting List Statistics
- Review of CalPERS Actuarial Valuation Report

#### October-December

- Mid Fiscal Year Review of CIP
- Annual Vessel Use List Review
- Annual Review of Business Use of Slips
- Ethics Training Update (due by year end)
- Port Commission Officers for 2024

### Future Calendar

- 7<sup>th</sup> and Brommer Property Assessment
- ABC End-Tie Review after Murray Street Bridge Retrofit
- Pedestrian Traffic Safety Improvements Review

### Key

- |                                  |
|----------------------------------|
| <input type="checkbox"/> Pending |
| → In process                     |
| ✓ Done                           |