



Regular Public Session of October 23, 2018

**Santa Cruz Port Commission  
MINUTES**

*Commissioners Present:*

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

**REGULAR PUBLIC SESSION – 7:00 PM**

Chairman Smith brought the regular public session to order at 7:00 PM at the Santa Cruz Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA 95062.

1. Pledge of Allegiance
2. Oral Communication

Slip renters Thomas Whieldon and Neli Cardoso distributed a letter to the Commission, expressing support for increased security in the harbor during night hours.

Chairman Goddard stated that he met with Assemblymember Mark Stone and discussed the Port District's interest in pursuing the Division of Boating and Waterways' (DBW) Boating Safety and Enforcement Equipment (BSEE) Grant for the purchase of a new patrol vessel.

**CONSENT AGENDA**

3. Approval of Minutes
  - a) Special Closed & Regular Public Session of September 25, 2018
4. Approval of Side Letter of Agreement as an Amendment to Memorandum of Understanding between Santa Cruz Port District and Operating Engineers Local No. 3

Discussion: Commissioner Goddard requested that item 3, Approval of Minutes, be moved to the regular agenda for discussion.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed to approve consent agenda item 4.  
- *Motion carried unanimously.*

## REGULAR AGENDA

3. Approval of Minutes
  - a) Special Closed & Regular Public Session of September 25, 2018

Discussion: Commissioner Goddard stated that he requested the minutes be pulled from consent in response to Mr. Fraser's request at last month's public meeting that harbor patrol staff provide night security. Commissioner Goddard suggested that the Commission review current scheduling of harbor patrol staff and the use of First Alarm security guards for night patrol.

Vice-Chairman Reed suggested that as part of the review, staff compile crime rate statistics prior to the proposed discussion. Commissioner Goddard agreed.

Commissioner Geisreiter expressed support for the request.

MOTION: Motion made by Commissioner Goddard, seconded by Vice-Chairman Reed to approve consent agenda item 3.  
- *Motion carried unanimously.*

5. Approval of Resolution 18-12 – Approving and Amended, Consolidated Salary Schedule for Unrepresented Employees

Discussion: Port Director Olin stated that she is proposing to add a Harbor Dredge Worker III part-time/temporary position to the unrepresented salary schedule. She explained that this position would be designated as being eligible to be filled by a retired annuitant for limited duration work.

Port Director Olin reported that this summer, there was turnover in two of the District's six dredge positions. Port Director Olin stated that former employee, Sandy Tucker, has agreed to fill this short-term, temporary position to provide new dredge crewmembers with critical training for the upcoming season. She stated that the proposed employment agreement is not anticipated to extend beyond May 15, 2019.

Port Director Olin stated that there is adequate funding in the FY19 budget to cover this unanticipated and unbudgeted expenditure. She recommended approval of Resolution 18-12.

Vice-Chairman Reed expressed support for hiring Mr. Tucker to assist with training the new dredge crew, emphasizing Mr. Tucker's invaluable insight, knowledge and skills.

Commissioner Goddard asked for additional information on CalPERS' hourly annual maximum for retired annuitants. Port Director Olin confirmed that a retired annuitant cannot work more than 960 hours in a fiscal year (July 1 to

June 30). She stated that Mr. Tucker is expected to work between 18 and 30 hours/week, and the proposed employment contract will not extend beyond May 15, 2019.

A discussion ensued regarding the employment agreement's proposed end date of May 15, 2019. There was consensus among the Commission to extend the employment agreement's end date, if agreeable with Mr. Tucker.

**MOTION:** Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed to approve Resolution 18-12 adopting an amendment to the Santa Cruz Port District's salary schedule.

- *Motion carried unanimously.*

6. Approval of Resolution 18-13 – Honoring D. Haifley

**Discussion:** Chairman Smith read Resolution 18-03 aloud. Port Director Olin thanked Mr. Haifley for his many contributions to the harbor community. She recommended approval of the resolution.

The Commission expressed appreciation for Mr. Haifley, thanking him for his contributions to the O'Neill Sea Odyssey program and his achievements in protecting the ocean environment and California coastline.

Mr. Haifley thanked the Commission and staff for their support, and introduced O'Neill Sea Odyssey's new Executive Director, Cyndi Dawson.

**MOTION:** Motion made by Commissioner Geisreiter, seconded by Vice-Chairman Reed to approve Resolution 18-13, honoring Dan Haifley.

- *Motion carried unanimously.*

7. Approval of Ordinance 18-04 and Lease Extension Agreement for 2222 East Cliff Drive, Suites 222 and 234 (Tenant: O'Neill Sea Odyssey)

**Discussion:** Port Director Olin stated that O'Neill Sea Odyssey (OSO) has pursued a lease extension agreement with the Port District for 2222 East Cliff Drive (Suites 222 and 234), since 2014. She stated that lease negotiations resumed in April 2018, and the Commission and staff have worked closely with OSO's Executive Director, Dan Haifley, to develop a 15-year lease extension agreement, commencing January 1, 2029. She stated that District counsel, Barbara Choi, participated in the process and has reviewed the lease terms.

Port Director Olin stated that the Harbors & Navigation (H&N) Code Section 6270 stipulates that leases of longer than 10 years must be approved by ordinance. She stated that ordinance 18-04 complies with and was advertised in accordance with H&N Code Section 6270. She explained that this is new to the District, which has historically adopted leases under procedures established under H&N Code Section 72.0.

Port Director Olin stated that the lease extension provides OSO and their donors with assurance of long-term viability at the current location. Additionally, she stated that by granting this lease, the Port District recognizes the community benefits provided by OSO's marine education program.

Port Director Olin reviewed the basic lease terms:

- 15 year lease, commencing January 1, 2029 – December 31, 2043
- Port District is landlord for second story suites at 2222 East Cliff Drive
- OSO is tenant for Suites 222 and 234
- OSO's rent is based on market, less 50% public services discount. Annual CPI increases apply

Port Director Olin recommended approval of Ordinance 18-04, which authorizes the form, terms and execution of the lease extension agreement between the District and OSO for 2222 East Cliff Drive, Suites 222 and 234.

Mr. Haifley thanked the Commission and staff for their hard work throughout the lease negotiations process, emphasizing that award of a long-term lease allows OSO to continue and focus on its core mission of marine education.

MOTION: Motion made by Vice-Chairman Reed, seconded by Commissioner Goddard to approve Ordinance 18-04, awarding a 15-year lease extension to O'Neill Sea Odyssey for 2222 East Cliff Drive, Suites 222 and 234, commencing January 1, 2029.  
- *Motion carried unanimously.*

#### 8. Approval of Cash / Payroll Disbursements – September 2018

Discussion: Commissioner Geisreiter asked for additional information on Warrant #50356 and #50443 – Fee on Unused Line of Credit. Port Director Olin confirmed that Warrant #50443 was the Port District's final line of credit payment to Compass Bank.

Commissioner Goddard asked for additional information on Warrant #50362 – Travelift Repair. FME Kerkes stated that the Travelift's jib crane was leaking hydraulic fluid, and the repair was not included in the warranty.

Commissioner Goddard asked for additional information on Warrant #50494 – Underground Fuel Storage Tank Spill Bucket Replacement & Monthly Operator Service. Harbormaster Marshall stated that the underground fuel storage tank spill bucket (located in the launch ramp parking lot), was in need of repair. Port Director Olin noted that funding for this capital improvement project is allocated in the FY19 budget.

MOTION: Motion made by Commissioner Gertler, seconded by Commissioner Goddard to approve the Cash / Payroll Disbursements for September 2018, in the amount of \$882,104.24.  
- *Motion carried unanimously.*

## INFORMATION

### 9. Port Director's Report.

#### California Association of Harbor Masters and Port Captains New Vice President

Port Director Olin announced that Senior Deputy Harbormaster Don Kinnamon has been appointed Vice President of the California Association of Harbor Masters and Port Captains. She stated that he is an excellent representative of the marina industry and congratulated him on his new appointment.

#### 5<sup>th</sup> Annual Classic Car Show

Port Director Olin stated that the 5<sup>th</sup> Annual Classic Car Show was held on Sunday, October 14, 2018, from 9 AM to 2 PM, on the harbor's west side. She stated that the event was well-attended and a success.

#### Investment Policy

Port Director Olin stated that a draft investment policy was forwarded to the Port District's CPA Wendy Cumming and the auditing firm Hutchinson and Bloodgood for review. She stated that a Business-Finance committee meeting will be scheduled once the review is completed.

#### Sea Level Rise Assessment Report

Port Director Olin stated that Moffatt & Nichol (M&N) has been retained to complete the Port District's Sea Level Rise Assessment Report, as required by the State Lands Commission. She stated that M&N recently completed similar reports for other agencies and is familiar with the requirements. Port Director Olin stated that the State Lands Commission has confirmed that the report is due July 1, 2019.

#### Aldo's

Port Director Olin stated that the California Coastal Commission will require that the Port District submit conceptual design drawings for a new restaurant building as part of the permit application process for the Aldo's Seawall Replacement Project. She stated that the Coastal Commission has indicated a single permit application is required to ensure that reconstruction of the building as a second phase of work is permissible as a replacement structure. Approval of the building plans would be conditions upon submission of final design plans and specifications.

#### BBVA 2013 Non-Taxable Debt

Port Director Olin stated that Willdan Financial Services has been retained to complete an arbitrage compliance report for its non-taxable debt, which is required every five years.

CalOES/FEMA January 2017 Storms

Port Director Olin stated that the District requested a time extension to continue work associated with removing sediment deposited during the January-February 2017 storm events. She stated that CalOES approved the extension earlier in the month.

Café El Palomar Audit

Port Director Olin stated that in accordance with lease terms, Accounting Tech Mark Eldridge will perform an audit of percent rent for Café El Palomar. She stated that audits are typically performed on a cyclical basis. Café El Palomar was last audited in 2013.

Harbor Patrol Truck

Port Director Olin stated that the patrol truck grazed a bollard in the concession parking lot, causing damage to its rear door. She stated that the damage has been repaired, and no injuries were reported.

10. Harbormaster's Report

Harbormaster Marshall encouraged the Commission to view the Air National Guard's new marine rescue vessel (temporarily berthed at S-Dock), noting that Harbor Patrol is interested in obtaining a new patrol vessel with a similar design.

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

Facilities Maintenance & Engineering Manager Kerkes stated that north harbor dredging in the X/J channel (near the culvert), began on October 9, 2018. FME Kerkes stated that north harbor dredging operations are currently delayed due to a mechanical failure on the District's booster pump (the hub retaining the "v-belt" pulley needs replacing). Harbor Dredge Supervisor Sengezer stated that north harbor dredging will resume in the X/J channel once the booster pump's replacement hub is delivered and installed.

Chairman Smith thanked crews for their hard work on the dock gate fabrication project. FME Kerkes stated that crews are currently working to complete fabrication of the final three dock gates (excluding south west gates).

12. Delinquent Account Reporting (*There was no discussion on this agenda item*)

13. Review of Financial Reports

- a) Comparative Seasonal Revenue Graphs
- b) Quarterly Budget Report as of September 30, 2018
- c) Employee Count as of September 30, 2018
- d) Quarterly Fuel Sales Report
- e) Quarterly Boatyard Report
- f) LAIF Statement
- g) FY18 Debt Service Coverage Ratio

In response to a question posed by Commissioner Gertler, Accounting Technician II Eldridge stated that the District's RV revenue has not been compiled for the remainder of

the year, which may explain why the revenue line is currently lower than the previous year. Port Director Olin stated that the current revenue is on track with prior years.

In response to a question posed by Commissioner Goddard, Administrative Services Manager Mac Laurie stated that the County's annual sewer invoice is approximately 85% reimbursed by landside tenants.

14. Crime / Incident / Citation Report – September 2018 *(There was no discussion on this agenda item)*
15. Written Correspondence *(There was no discussion on this agenda item)*
  - a) Letter from Special District Leadership Foundation (SDLF) Board President D. Aranda to Santa Cruz Port District
  - b) Letter from Congressman Panetta to The Honorable M. Mulvaney
  - c) Letter from B. Bush to Port Commission
16. Port Commission Review Calendar / Follow-Up Items

Chairman Smith requested that a Business-Finance committee meeting be scheduled soon to discuss the development of an investment policy.

Chairman Smith adjourned the regular public session at 8:17 pm.

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Dennis Smith, Chairman

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 Mac Laurie, Administrative Services Manager  
DATE: November 7, 2018  
SUBJECT: Approval of Nexus Wealth Advisors' Sublease Agreement – 365 B Lake Avenue  
(Tenant: Pertria, Inc.)

**Recommendation:** *Approve sublease agreement.*

## BACKGROUND

Pertria, Inc., a real estate and property management company headquartered in Los Gatos, is requesting to sublease office space at 365 B Lake Avenue, commencing November 1, 2018. The subleased area will include exclusive use of the enclosed office space, described as the "South Office," and non-exclusive use of the adjacent reception area.

## ANALYSIS

The terms of the sublease agreement are below:

**Tenant:** Pertria Inc.  
**Term:** November 1, 2018, to October 31, 2019  
**Rent:** \$1,750 / month  
**Area:** South Office Space  
**Use:** Office Space  
**Insurance:** \$1 million, with Santa Cruz Port District named as additional insured

## IMPACT ON PORT DISTRICT RESOURCES

The master lease agreement for Nexus Wealth Advisors' states that if the tenant (Nexus Wealth Advisors') subleases any portion of the premises for any amount in excess of base rent, the Port District is entitled to collect no less than 50% of the amount in excess of the base rent. There is no impact on Port District resources associated with the sublease.

ATTACHMENTS: A – Sublease Agreement



**365-B LAKE AVENUE  
SUBLEASE AGREEMENT**

**Parties.** This sublease dated October 22, 2018 is made by and between Nexus Wealth Advisors LLC ("Sublessor") and ~~Helen Pastorino de Pertria~~, Inc. ("Sublessee").

**Premises.** Sublessor hereby subleases to Sublessee and Sublessee hereby Subleases from Sublessor for the term, at the rental rate specified, and upon all terms and conditions set forth herein, that certain real property, generally described as the "South Office and Adjacent Reception Area" located at 365-B Lake Avenue Santa Cruz in the County of Santa Cruz in the State of California ("Premises").

**Term and Option to Extend.**

- a. Term. The term of this Sublease shall commence November 1st, 2018 and terminate October 31st, 2019, at which time the lease shall convert to month-to-month requiring a sixty (60) day written notice of termination.
- b. Provided that Sublessee is not in default of any part of this Sublease, Sublessee shall have the option to extend this sublease for an additional one (1) year term. Sublessee may exercise the option thereby extending the Sublease Term to October 31<sup>st</sup>, 2020, if Sublessee is not then in default of any of the terms or conditions under this Sublease. Sublessee shall notify Sublessor of its exercise of this Option no later than August 1<sup>st</sup>, 2019. The extended term, if exercised, shall terminate October 31<sup>st</sup>, 2020, at which time the lease shall convert to month-to-month requiring a sixty (60) day written notice of termination.
- c. Delivery and Condition of Premises. Sublessee hereby acknowledges delivery of the Premises and agrees to sublease the Premises in "as-is" condition.

**Base Rent.** Sublessee shall pay to Sublessor as rent for the Premises in advance on the 1<sup>st</sup> day of each calendar month as follows:

Base rent      \$1,750.00 per month

Base rent to be adjusted in accordance with the Master Lease effective April 1 each year or any other rent adjustments made to the Master Lease.


Base rent to include exclusive use of the enclosed office space described above and non-exclusive use of common areas including: bathrooms, entryway and kitchen area. Base rent includes Master Lease-related property taxes, electrical, gas, and water utilities.

Payment of rent to be made payable to Nexus Wealth Advisors LLC, 365-B Lake Avenue, Santa Cruz, CA 95062 or at such other place that Sublessor may from time to time designate in writing.

Rent shall be due on the first of each month. If rent is not received in full by the 6th of the month due, a \$50 late fee shall be added along with interest compounded and accrued at the maximum permissible by law.

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**Security Deposit.** No security deposit is due upon the execution of this Sublease.

**Additional Terms.**

Sublessor and Sublessee acknowledge that the following terms are agreed upon and incorporated into this Sublease agreement:

Sublessee acknowledges that Sublessor may be making tenant improvements to the interior of the building at some point in the future and agrees to provide access for purposes of planning and design. Access to be arranged by appointment with no less than 24 hours advance notice.

Sublessee shall obtain insurance as indicated and required in the Master Lease or as otherwise required and have the Master Lessor and Sublessor specified as covered insureds on the policy(ies).

**Use.** The Premises shall be occupied and utilized for general professional office purposes only.

**Master Lease and Master Sublease.** Sublessor is subject to the terms of a master lease, herein after referred to as the "Master Lease" wherein the Santa Cruz Port District Commission is the Lessor ("Master Lessor") and Nexus Wealth Advisors is the Lessee ("Lessee").


- a. This Sublease is and shall be at all times subject and subordinate to the terms of the Master Lease.
- b. The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be construed in accordance with the terms of the Master Lease.
- c. During the term of this Sublease and for all periods subsequent for obligations that have arisen prior to termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease.
- d. Sublessor has provided to Sublessee copy of Master Lease dated December 1, 2016.
- e. If/when the Master Lease is amended or replaced with a new Master Lease, a copy shall be provided to Sublessee.

**Assignment of Sublease and Default.**

- a. Sublessor hereby irrevocably authorizes and directs Sublessee, upon receipt of written notice from Master Lessor stating that a default exists by Sublessor in performance of its obligations under the Master Lease, to pay Master Lessor the Base Rent due and to become due under the Sublease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Base Rent to Master Lessor without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Sublessor to the contrary and Sublessor shall have no right or claim against Sublessee for any such Base Rent payments so paid by Sublessee.
- b. No changes or modifications shall be made to this Sublease without the consent of Master Lessor.

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10/22/2018

10/22/2018 10:00 AM

**DISPUTE RESOLUTION:**

**A. MEDIATION:** Sublessor and Sublessee agree to mediate any dispute or claim arising between them out of this agreement, or any resulting transaction, before resorting to arbitration or court action, subject to paragraph B(2) below. Paragraphs B(2) and (3) apply whether or not the arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. **THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.**

**B. ARBITRATION OF DISPUTES:** (1) Sublessor and Sublessee agree that any dispute or claim in Law or equity arising between them out of this agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 34B(2) and (3) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of real estate transactional law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure § 1283.05.

(2) **EXCLUSIONS FROM MEDIATION AND ARBITRATION:** The following matters are excluded from Mediation and Arbitration hereunder: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract as defined in Civil Code § 2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; (iv) any matter that is within the jurisdiction of a probate, small claims, or bankruptcy court; and (v) an action for bodily injury or wrongful death, or for latent or patent defects to which Code of Civil Procedure § 337.1 or § 337.15 applies. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a violation of the mediation and arbitration provisions.


"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY." "WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE

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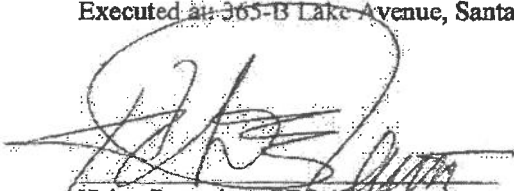
TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE  
'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Sublessor's Initials 

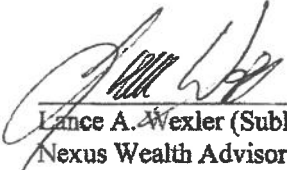
Sublessee's Initials 

**Attorney's Fees.** If any party named herein brings an action to enforce the terms hereof or to declare rights hereunder, the prevailing party in any such action, on trial and appeals shall be entitled to his reasonable attorney's fees to be paid by the losing party as fixed by the Court.

Executed at: 365-B Lake Avenue, Santa Cruz, CA 95062

  
Helen Pastorino, CEO (Sublessee)  
Pertria, Inc.


10/22/2018  
Date

  
Lance A. Wexler (Sublessor)  
Nexus Wealth Advisors, LLC

10/23/2018  
Date

\_\_\_\_\_  
Marian Olin (Port Director/Master Lessor)

\_\_\_\_\_  
Date

  
10/22/2018

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



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

TO: Port Commission  
FROM: Latisha Marshall, Harbormaster  
DATE: November 14, 2018  
SUBJECT: Approval of Month-to-Month Rental at Santa Cruz Harbor Boatyard  
(Tenant: Raymundo Villalba)

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

Ray Villalba has requested to rent additional storage space at the boatyard to accommodate a large dustless sand blaster. The sandblaster measures approximately 6' by 4' (24 SF) and would be stored in the interior hangar of the boatyard. The space is only accessible during boatyard operating hours, and access is only granted when boatyard personnel are present. Mr. Villalba is amenable to this arrangement.

Staff recommends approval of the rental agreement, outlined below.

**Tenant:** Ray Villalba  
**Term:** Month-to-Month  
**Rent:** \$39.60/month (\$1.65/SF)  
**Use:** Equipment Storage  
**Space:** Dustless Sand Blaster footprint, 6' x 4' (24 sq. ft.)  
**Security Deposit** Equivalent to one month's rent (\$39.60)  
**Insurance:** \$1 million, with Santa Cruz Port District named as additional insured

ATTACHMENTS: A – Rental Agreement – Raymundo Villalba

**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: November 1, 2018 Term: Month to Month

Tenant: Ray Villalba

Property: Santa Cruz Harbor Boatyard – 495 Lake Avenue

Premises: Storage Space (6' X 4', 24 SF)

<u>Fixed Minimum</u>	<u>Time Period</u>	<u>Percentage Rent</u>	<u>Based On</u>
Rent: \$ <u>39.60</u>	<u>per month</u>	<u>N/A</u>	<u>N/A</u>

Rent Payable monthly on the 1<sup>st</sup> starting November 1, 2018

Rent Adjusted annually on April 1 based on SF Bay Area CPI

Deposit \$39.60 paid \_\_\_\_\_

Use: Storage is limited to one large, dustless sand blaster. No hazardous materials may be stored. No work to be performed inside the premises. Access is limited to Boatyard hours of operation and no after-hours access will be permitted.

Tenant Insurance Requirements: Casualty N/A Liability \$1 million

Notice of Rent Adjustment: 30 days Notice of Termination: 30 days

Notice Addresses: Landlord: Santa Cruz Port District Tenant: Ray Villalba

Attn: Port Director 151 Canterbury Drive

135 5th Avenue

Santa Cruz, CA 95062 Aptos, CA 95003

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 relet 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 and 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

ATTEST:

\_\_\_\_\_  
Marian Olin  
Port Director

By \_\_\_\_\_

"TENANT"

By \_\_\_\_\_  


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: Latisha Marshall, Harbormaster  
DATE: November 20, 2018  
SUBJECT: Approval of Claim – B. Whittall

**Recommendation:** *Approve the claim submitted by B. Whittall (\$7,684.68)*

### **BACKGROUND**

Barry Whittall submitted a claim to the Port District in the amount of \$7,684.68. The claim is for repair of vessel damage resulting from Mr. Whittall's vessel being scratched by the Marine Travelift straps when being hauled at the boatyard on October 22, 2018. He is also requesting a refund of the boatyard service fees related to the haul.

Port Commission Policy No. 1030 provides that the Port Director may resolve property damage that does not exceed \$5,000 in value. The subject claim exceeds that threshold.

### **ANALYSIS**

Mr. Whittall's vessel sustained damage to the paint more fully described in the estimate by Santa Cruz Marine Services, LLC, included as Attachment A.

Based on photographic evidence before and after the haul, it appears that the hauling straps were dirty, causing paint chips to transfer to Mr. Whittall's hull and scratching the paint in some areas.

Staff does not recommend paying the cost of labor to wash mud from the vessel, or storage in the boatyard after 14 days, which was caused in part by a delay in submitting the claim, which is itemized below. Staff recommends refunding boatyard fees paid by Mr. Whittall (Attachment B).

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

Repair estimate including labor, materials, storage and boatyard fees	\$7,684.68
<i>Less labor to remove mud from the vessel (under the straps)</i>	<i>- \$ 125.00</i>
<i>Less extended storage @ 7<sup>th</sup> Avenue Boatyard (Nov 9-16)</i>	<i>- \$ 378.00</i>
Total Claim Reimbursement:	\$7,181.68

Though this is an unanticipated expense, sufficient funds exist in the FY19 budget to pay the cost of this claim.

ATTACHMENTS – A. Repair Estimate from Santa Cruz Marine Services, LLC  
B. Santa Cruz Boatyard Receipts - Haulout and Associated Fees

Santa Cruz Marine Services, LLC  
 575 7th Ave  
 CA  
 831.515.9991  
 santacruzmarine@gmail.com  
 www.santacruzmarineservices.com

# ESTIMATE

**ADDRESS**  
 Barry Whittall  
 Variety Show

**ESTIMATE #** 1005  
**DATE** 10/24/2018

ACTIVITY	QTY	RATE	AMOUNT
<b>Labor:Labor</b> Wash to remove mud from Travelift straps. Look for further damage from haul out.	1	125.00	125.00
<b>Labor:Labor</b> Feather out paint damage from strap where strap made contact on the aft port side freeboard, forward port side on yellow stripe, forward port side near purple stripe and starboard transom. Prep surrounding area for paint repair blend. Mask and cover boat. Spray repairs. Remove masking. Wet sand and buff repairs. Includes time to re mask and spray yellow and purple touch ups.	40	125.00	5,000.00
<b>Material</b> ALX T9134-QT SNOW WHITE QUART	1	104.00	104.00T
<b>Material</b> ALX R5050-QT TOPCOAT REDUCER MEDIUM QUART	1	36.00	36.00T
<b>Material</b> ALX C5051-QT TOPCOAT CONVERTER SPRAY QUART	1	120.00	120.00T
<b>Other Materials &amp; Consumables</b> Abrasives, masking, solvents, safety equipment and other consumable or disposable items	1	95.00	95.00T
<b>General:Labor</b> Drop Mast, haul out boat, move to SCM yard. 3 man crew.	10	85.00	850.00
<b>Storage 7th Ave Boatyard</b> \$1.50/ft-day for days 1-14 (Oct 25-Nov 8)	14	40.50	567.00
<b>Storage 7th Ave Boatyard</b> \$2.00/ft-day after 14 days (Nov 9-16)	7	54.00	378.00

SUBTOTAL	7,275.00
TAX	30.18
<b>TOTAL</b>	<b>\$7,305.18.</b>

Santa Cruz Boatyard  
495 Lake Avenue  
Santa Cruz, CA 95062

Cust # 55505

Whittall, Barry

10/22/18 10:01 rstephenson  
Invoice# 2602 Pmt# 2592

Description	TOTAL
6000 27.000 @ 12.000 EA	
HAULOUT, Santa Cruz 27	324.00
Credit Card	-324.00
TOTAL DUE	0.00

HAULOUT 27' x  $\left(\frac{\$12}{ft}\right) \rightarrow \$324$

-----  
**Customer Signature**

I agree to pay the above amount  
according to the credit agreement.

Santa Cruz Boatyard  
495 Lake Avenue  
Santa Cruz, CA 95062

Cust # 55505

Whittall, Barry

10/24/18 13:48 rstephenson  
Invoice# 2614 Pmt# 2604

Description	TOTAL
6500 27.000 @ 1.500 EA LAYDAYS	40.50
7000 3.000 @ 5.000 EA ENVIRONMENTAL SURCHARGE	15.00
Credit Card	-55.50
TOTAL DUE	0.00

1 ~~DAY~~ LAYDAYS OF \$40.50/DAY  
10-24-18

3 DAYS ENVIRONMENTAL  
10-22 TO 10/24

-----  
Customer Signature

I agree to pay the above amount  
according to the credit agreement.





TO: Port Commission

FROM: Marian Olin, Port Director  
Business – Finance Committee  
- *Chairman Smith*  
- *Commissioner Geisreiter*

DATE: November 20, 2018

SUBJECT: Consider Adoption of Investment Policy

***Recommendation: Adopt investment policy.***

## BACKGROUND

In preparing for the FY18 audit, staff and CPA Wendy Cumming discussed the feasibility of increasing the Port District's interest earnings through adoption of an investment policy, and the possibility of retaining an investment advisor to manage the District's portfolio to achieve a higher return on investment.

As a special district government, the Port District is limited in the types of investments permitted for investment of public funds. The Business – Finance Committee met on July 23, 2018, to discuss whether the District should consider development of an investment policy.

The committee recognized the legal limitations set by law on investment of public funds, but agreed that adoption of an investment policy should be pursued, to ensure that the District can effectively invest as opportunities arise in the future, and to provide guidance for the Port Commission and staff in growing the District's assets. The committee directed staff to draft a policy for review.

The committee met again on November 9, 2018, to review the draft investment policy (Attachment A). The committee recommended adoption of the policy.

## ANALYSIS

The primary resource used in developing the draft policy was Local Agency Investment Guidelines, Update for 2018, by the California Debt and Investment Advisory Commission (CDIAC). Other resources used were:

- A draft Statement of Investment Policy example provided by CPA Wendy Cumming
- Information available on the Government Finance Officers' Association (GFOA) website
- An example policy available on the California Special Districts' Association website for an independent special district

CDIAC's Local Agency Investment Guidelines, Update for 2018, states, "An investment policy should always be in place. While not required by statute, it is in the best interest of the local agency..." CDIAC notes that adoption of an investment policy provides greater transparency and

disclosure. The California Government Code does not contain any provisions specifying what must be included in the investment policy of a local agency. The draft policy is a fairly simple statement outlining authorities, goals and objectives in investing in accordance with governing statutes.

CPA Wendy Cumming and auditor Karen Semingson of the auditing firm Hutchinson and Bloodgood have reviewed the draft policy and provided input. An investment policy may impact the Port District's annual audit to the extent that if a material investment is made in instruments in addition to, or other than, the Local Agency Investment Fund (LAIF), the primary investment instrument used by the Port District, auditors will perform additional testing and confirmations, and ensure the audit document has appropriate disclosures. Information about LAIF is appended as Attachment D.

The draft policy also provides guidance and direction on considering allowable investments that may increase returns through longer-term investments or irrevocable Section 115 trusts which may reduce balance sheet liabilities; smooth retirement benefit rate increases; and, potentially improve bond ratings. These investment options include but are not limited to longer-term investments that comply with governing statutes, health fund investments such as the California Employers' Retiree Benefit Trust Fund managed by CalPERS and authorized under Government Code Section 53620-53622 and Section 115 of the Internal Revenue Code (Attachment B), and pension pre-funding opportunities that may be available in the future in accordance with SB 1413 (Attachment C).

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

No immediate benefit to Port District resources is expected from adoption of this investment policy. Long-term, the District is expected to benefit from diversification of its investments, which may increase interest earnings and reduce balance sheet liabilities.

#### **ATTACHMENTS**

- A. Draft Investment Policy
- B. California Employers' Retiree Benefit Trust Fund figures and California Government Code Sections 53620-53622
- C. California Special Districts' Association article, Governor Signs Pension Prefunding Legislation and Senate Bill 1413
- D. LAIF Program Description, Performance Report and Participants

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Santa Cruz Port District

**INVESTMENT POLICY**



Santa Cruz Port District  
135 5<sup>th</sup> Avenue  
Santa Cruz, CA 95062  
(831) 475-6161

*DRAFT DOCUMENT FOR PORT COMMISSION REVIEW  
October xx, 2018*

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Santa Cruz Port District

**INVESTMENT POLICY**

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## Santa Cruz Port District

# INVESTMENT POLICY

## INTRODUCTION

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

The responsibilities and authority of the Santa Cruz Port Commission are prescribed in the State of California Harbors and Navigation Code, Part 4, Sec. 6200.

## PURPOSE

This statement is intended to set policy and provide direction to the Port Director of the Santa Cruz Port District for the prudent and beneficial investment of all funds and monies of the District.

## AUTHORITY

The Government Code of the State of California (Government Code), primarily section 53601 and related subsections, authorizes the types of investment vehicles allowed in a California local agency's portfolio. The investment vehicles emphasize preservation of capital and are a conservative set of investments. The authority to invest (as defined in the Government Code) is delegated to the local agency's legislative body for re-delegation to its finance officer. Under no circumstance is the local agency finance officer permitted to purchase an investment that is not specifically authorized by law and within the scope of investments delegated by the local agency's governing board.

This Investment Policy grants the Port Director the authority to act as Finance Officer (Trustee) and manage investments for the Santa Cruz Port District. The Santa Cruz Port Commission will serve in the role of investment committee, responsible for setting investment policy and providing oversight.

The Port Commission, under authorized contract, may delegate certain responsibilities to professional experts in various fields, including but not limited to:

- Investment Consultant: An investment consultant may be retained assist the Port Director in selecting investment options in compliance with State of California public fund management

guidelines; reviewing such options over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.

- Designated officers as allowed under California Government Code Sections 53601-53610 and 53620-53622 and/or successor statutes for purposes of assuming fiduciary responsibility for administering and managing certain investments, such as a Section 115 trust to prefund Other Post-Employment Benefits or pension liabilities.
- Additional specialists such as attorneys, auditors, actuaries and others who may be contracted by the District.

Adoption of this policy was made at a regular meeting of the Port Commission on xx/xx/xx. The Port Commission, acting as Investment Committee, may adopt other amendments to this policy due to a change in the District's goals and objectives, which shall require an affirmative vote by a majority of the Port Commission. This policy is intended to allow investment in accordance with state and federal laws and successor statutes, and therefore a statute change may not be require a change in this policy. Investment Policy Attachments A and B shall be updated by the Finance Officer, as needed, to reflect current California Debt and Investment Advisory Commission (CDIAC) guidance.

## **BASIC POLICY AND OBJECTIVES**

In accordance with public fund management guidelines, the Santa Cruz Port District investment policy is a conservative policy guided by the objectives of safety, liquidity and yield, in accordance with Government Code Section 53600.5, which states, *"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a Trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control."*

The following are objectives:

**Performance Expectations:** The Port District's cash management portfolio shall be designed with the objective of regularly meeting or exceeding the average yield of the State of California Local Agency Investment Fund (LAIF). The enabling legislation for LAIF is Section 16429.1 et seq. of the California Government Code. LAIF as an indicator is considered a benchmark for lower risk investment transactions and therefore comprises a minimum standard for the portfolio's rate of return. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment principles, when feasible. The investment program may also seek to reduce Other Post Employment (OPEB) or pension liabilities.

**Prudence:** The standard of prudence to be used by investment officials shall be the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations

from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

**Reporting Requirements:** The quarterly financial reports presented to the Santa Cruz Port Commission, typically presented at regularly scheduled public meetings in July, October, and January, and shall include information about investment performance. (Note: Fiscal year end quarterlies are not typically presented to the Commission, but are reviewed as part of the year-end audit process.)

**Performance Review:** The Santa Cruz Port Commission shall perform periodic appraisals of the investment portfolio and investment policy to evaluate the effectiveness of the District's investment program. The Investment Policy shall be presented with the annual budget document.

**Ethics and Conflicts of Interest:** Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business, in accordance with applicable laws. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Port District.

**Investment Portfolio Compliance:** The Port District's investment portfolio must be in compliance with statute at the time that investments are purchased. The investment portfolio shall be monitored, as practical, for subsequent changes in percentages resulting from non-purchase activity or changes in credit rating of existing securities. If, as a result of monitoring, it is discovered that the portfolio or individual investments are deemed to be out of compliance with either statute or this Investment Policy, such non-compliance shall be reported by the Port Director to the Port Commission within five working days along with a detailed explanation for the variance and recommended course of action.

**Exceptions:** When investing in funds deemed suitable for public investment such as LAIF, a Joint Powers Authority Pool or Voluntary Investment Program Fund as described in Attachment A, California Debt and Investment Advisory Commission (CDIAC) Figure 1, no maximum specified percentage of portfolio shall apply.

**Conflicts:** In the event any provision this Investment Policy is in conflict with any of the statutes referred to herein or any other State or Federal statutes, the provisions of each statute shall govern.

## **PERMITTED INVESTMENTS AND LIMITATIONS**

### **Permitted Investments**

The California Government Code contains specific provisions regarding the types of investments and practices permitted after considering the broad requirement of preserving principal and maintaining liquidity before seeking yield. These provisions are intended to promote the use of reliable, diverse and safe investments instruments to ensure a prudently managed portfolio worthy of public trust.

Government Code Sections 16340, 16429.1, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, and 53684 include a number of requirements on how and where public money may be invested. CDIAC Figure 1 provides a synopsis of the permitted investment instruments and limitations on each, in which all local agencies may invest as summarized by CDIAC, Local Agency Investment Guidelines, Update for 2018).

The Port District may invest only in those instruments specified in State law; however, the Port Commission may set a more stringent standard.

To the extent allowable by statute, the Finance Officer and Investment Committee (Port Commission) may consider investment in funds, such as those allowable under an irrevocable Section 115 Trust of the Internal Revenue Code, designated for the payment of employee retiree health benefits (Other Post Employment Benefits "OPEB") as authorized under Government Code Sections 53620-53622 or a Pension Prefunding Trust Program "PPTP," currently under development by CalPERS as authorized by SB 1413, which may provide a future investment opportunity.

#### **Limitations on Investments**

Limitations as established by law are subject to change as established by the State Treasurer. A listing of limitations on investments are as summarized by CDIAC, Local Agency Investment Guidelines, Update for 2018, are shown in the Table of Notes appended to Table 1. As noted above, investment options and limitations are subject to change as established by the State Treasurer from time to time.

The Trustee, with guidance and approval of the Investment Committee (Port Commission), may adopt additional limitations on investments over time, which shall be made a part of this policy.

:



## **ATTACHMENTS**

ATTACHMENT A..... CDIAC ALLOWABLE INVESTMENT INSTRUMENTS, FIGURE 1

ATTACHMENT B..... CDIAC TABLE OF NOTES FOR FIGURE 1

# ATTACHMENT A

**FIGURE 1**

**ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2018)<sup>a</sup> APPLICABLE TO ALL LOCAL AGENCIES<sup>b</sup>**

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY <sup>c</sup>	MAXIMUM SPECIFIED % OF PORTFOLIO <sup>d</sup>	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations—CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40% <sup>e</sup>	None
Commercial Paper—Pooled Funds <sup>f</sup>	270 days	40% of the agency's money <sup>g</sup>	Highest letter and number rating by an NRSRO <sup>h</sup>
Commercial Paper—Non-Pooled Funds <sup>f</sup>	270 days	25% of the agency's money <sup>g</sup>	Highest letter and number rating by an NRSRO <sup>h</sup>
Negotiable Certificates of Deposit	5 years	30% <sup>i</sup>	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30% <sup>k</sup>	None
Placement Service Certificates of Deposit	5 years	30% <sup>k</sup>	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days <sup>l</sup>	20% of the base value of the portfolio	None <sup>m</sup>
Medium-Term Notes <sup>n</sup>	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple <sup>o,q</sup>
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better <sup>r</sup>
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple <sup>s</sup>
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund <sup>t</sup>	N/A	None	None
Supranational Obligations <sup>u</sup>	5 years	30%	"AA" rating category or its equivalent or better

## TABLE OF NOTES FOR FIGURE 1

- <sup>A</sup> Sources: Sections 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.
- <sup>B</sup> Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- <sup>C</sup> Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- <sup>D</sup> Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- <sup>E</sup> No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.
- <sup>F</sup> "Select Agencies" are defined as a "city, a district, or other local agency that do[es] not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body."
- <sup>G</sup> Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.
- <sup>H</sup> Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, has program wide credit enhancements, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.
- <sup>I</sup> "Other Agencies" are counties, a city and county, or other local agency "that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body." Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set for "Select Agencies," above.
- <sup>J</sup> No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- <sup>K</sup> No more than 30 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service (excludes negotiable certificates of deposit authorized under Section 53601(i)).
- <sup>L</sup> Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- <sup>M</sup> Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- <sup>N</sup> "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States"
- <sup>O</sup> No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- <sup>P</sup> A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- <sup>Q</sup> A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
- <sup>R</sup> Issuer must be rated in a rating category of "A" or its equivalent or better as provided by a nationally recognized statistical rating organization.
- <sup>S</sup> A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- <sup>T</sup> Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- <sup>U</sup> Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).

# The California Employers' Retiree Benefit Trust Fund at CalPERS

The California Employers' Retiree Benefit Trust (CERBT) fund is a multiple-employer Other Post-Employment Benefits (OPEB) trust fund administered by CalPERS, a California state agency. More than 500 California public employers participate in the CERBT program to pre-fund OPEB liabilities, such as retiree health benefits. **More employers choose us because we deliver excellent investment management, uncomplicated trust administration, financial reporting compliant with governmental accounting standards, and personal direct service, at the lowest cost to participating employers.**



**524**

Participating employers



**\$5.1 billion**

Employer net contributions



**729,315**

Plan members



**\$6.8 billion**

Assets under management

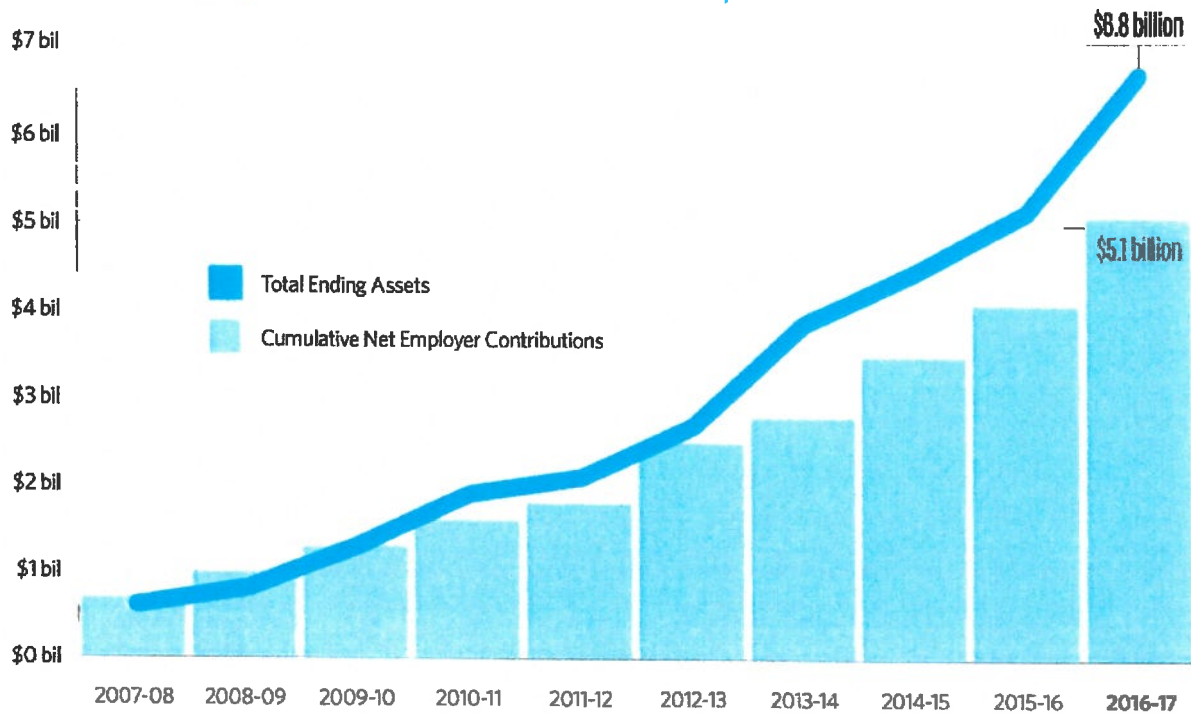
The CERBT team is highly accessible – when you have questions, they're incredibly timely and thorough in their responses. Their fee structure is unparalleled. We've been very happy with the CERBT program.

– Debby Cherney  
Eastern Municipal Water District

## Choice of Asset Allocation Strategies

	Expected Rate of Return	Standard Deviation	Risk Level less conservative → more conservative
Strategy 1	<b>7.28%</b>	11.74%	
Strategy 2	<b>6.73%</b>	9.32%	
Strategy 3	<b>6.12%</b>	7.14%	

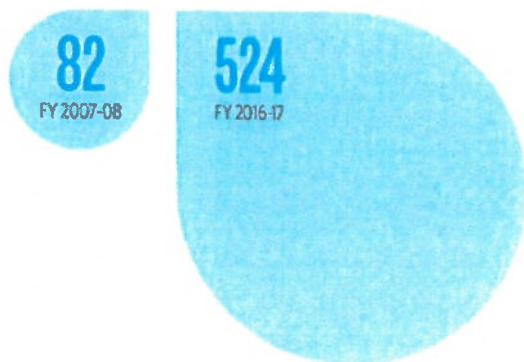
## Consistent Growth of CERBT Fund Assets Since Inception



### Participating Employers

Cities	134
Counties	14
Courts	22
Schools	60
Special Districts	293
State of California	1
<b>Total number of employers</b>	<b>524</b>

### 539% Growth in Employer Participation



### Advantages of Participating in CERBT

- All services provided at a single, low cost (10 basis points)
- Simple and straightforward administrative procedures
- Financial reporting compliant with governmental accounting standards
- Personal, high-quality service and support
- California's largest public employer OPEB trust fund

### CalPERS Managed Portfolio

- Fiduciary responsibility assumed by CalPERS Board
- Investment management by experts at CalPERS and internationally renowned consultants
- Multiple investment strategy options with varying risk levels
- All public market securities

Learn more at [www.calpers.ca.gov/cerbt](http://www.calpers.ca.gov/cerbt)  
 Contact us at [CERBT4U@CalPERS.ca.gov](mailto:CERBT4U@CalPERS.ca.gov)

Figures as of June 30, 2017



**State of California**

**GOVERNMENT CODE**

**Section 53620**

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53620. Notwithstanding Section 53601 or 53635, the governing body of a local agency may invest funds designated for the payment of employee retiree health benefits in any form or type of investment deemed prudent by the governing body pursuant to Section 53622.

(Added by Stats. 1998, Ch. 996, Sec. 7. Effective January 1, 1999.)

**State of California**

**GOVERNMENT CODE**

**Section 53621**

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53621. The authority of the governing body to invest or to reinvest funds intended for the payment of employee retiree health benefits, or to sell or exchange securities purchased for that purpose, may be delegated by the governing body to designated officers.

(Added by Stats. 1998, Ch. 996, Sec. 7. Effective January 1, 1999.)

**State of California**

**GOVERNMENT CODE**

**Section 53622**

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53622. (a) Funds intended for the payment of employee retiree health benefits shall only be held for the purpose of providing benefits to participants in the retiree health benefit plan and defraying reasonable expenses of administering that plan.

(b) The governing body or designated officer, when making investments of the funds, shall discharge its duties with respect to the investment of the funds.

(1) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants in the retiree health benefit plan, minimizing employer contributions thereto, and defraying reasonable expenses of administering the plan.

(2) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(3) Shall diversify the investments of the funds so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

(Added by Stats. 1998, Ch. 996, Sec. 7. Effective January 1, 1999.)





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## Governor Signs CalPERS Pension Prefunding Legislation

By Dillon Gibbons posted 09-21-2018 03:49 PM

0 [RECOMMEND](#)

Today, Governor Brown signed Senate Bill 1413 (Nielsen) which provides the California Public Employees' Retirement System (CalPERS) the authority to establish the Pension Prefunding Trust Program (PPTP).

Public agencies that utilize the PPTP established through SB 1413 will receive the benefits of being able to offset their unfunded pension obligation by an amount equal to their balance in the trust, the ability to smooth annual CalPERS rate adjustments by drawing on the trust, increase the diversity of their investments beyond general fund investments, and potentially improve their bond ratings.

The PPTP allows CalPERS to establish, in accordance with Section 115 of the Internal Revenue Code (IRC), an irrevocable trust (115 Trust) through which California public agency employers may prefund their future annual pension contributions. The PPTP will also provide an additional option for employers to pay down their unfunded liability as part of a defined benefit plan. A 115 Trust is exempt from taxation under Section 115 of the IRC; set up to benefit from the same tax-exempt status of the governmental employer who establishes and adopts the trust. Under CalPERS, the PPTP allows public agencies to direct funds into the 115 Trust that can only be used to meet pension obligations once deposited in the trust.

Although 115 Trusts are currently available to public agencies through the private market, agencies will benefit from a CalPERS managed trust through reduced overhead and fees, streamlined transfers from the fund to CalPERS to pay for pension obligations, and an established working relationship.

The creation of the PPTP at CalPERS may ultimately provide for financial reporting benefits as well. Current Governmental Accounting Standards Board (GASB) reporting guidelines allow for contributions to a 115 trust to be footnoted as an offset to unfunded liabilities. However, once the 115 trust is established at CalPERS, we believe CalPERS will be able to work with GASB to allow contributions to a 115 trust, managed by a public retirement system, to directly reduce unfunded liabilities required to be reported under GASB 68. This change will serve to build public confidence in the public pension system and will reduce overall unfunded pension liabilities statewide.

Should you have any questions about this newly signed legislation please feel free to contact CSDA's Senior Legislative Representative, Dillon Gibbons, at [dillong@csla.net](mailto:dillong@csla.net).

#FeatureNews

#AdvocacyNews

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2537 views

## Permalink

<https://www.csla.net/blogs/dillon-gibbons/2018/09/21/governor-signs-calpers-pension-prefunding-legislat>

**Senate Bill No. 1413**

**CHAPTER 665**

An act to add Chapter 19 (commencing with Section 21710) to Part 3 of Division 5 of Title 2 of the Government Code, relating to public employees' retirement, and making an appropriation therefor.

[Approved by Governor September 21, 2018. Filed with Secretary of State September 21, 2018.]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1413, Nielsen. Public employees' retirement: pension prefunding.

Existing law creates the Public Employees' Retirement System, which provides defined retirement benefits to employees of the state and to employees of other public agencies contracting with the Board of Administration of the Public Employees' Retirement System for this purpose. The benefits provided by the system are funded by employer and employee contributions and investment returns.

This bill would enact the California Employers' Pension Prefunding Trust Program and establish the California Employers' Pension Prefunding Trust Fund to allow state and local public agency employers that provide a defined benefit pension plan to their employees to prefund their required pension contributions.

The bill would authorize an employer, upon terms and conditions set by the board, to elect to participate in the prefunding plan, and would require the governing body of that employer to enter into a contract with the board relative to the prefunding plan. The bill would require the board to offer participating employers, as defined, specified cost-effective, diversified investment portfolios. The bill would require each participating employer to pay an amount, determined by the board, for administrative and asset management costs of the prefunding plan to the fund and would grant the board the sole and exclusive control of the administration and investment of the fund. The bill would also set the terms under which a prefunding plan contract could be terminated or transferred. The bill would specify that all moneys in the fund would be continuously appropriated to the board for the purposes of these provisions.

The bill would also authorize the board to adopt emergency regulations for the purposes of these provisions and would appropriate the sum of \$695,140 from the General Fund to the Board of Administration of the Public Employees' Retirement System for expenditure in the 2019–20 fiscal year to develop the program.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. Chapter 19 (commencing with Section 21710) is added to Part 3 of Division 5 of Title 2 of the Government Code, to read:

CHAPTER 19. CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST PROGRAM

21710. For purposes of this chapter, the following definitions shall apply:

(a) "Participating employer" means an employer that is authorized and has elected to participate in the prefunding plan.

(b) "Prefunding plan" means the California Employers' Pension Prefunding Trust Fund, a trust fund administered by the board, for the purpose of investing employer payments toward their required pension contributions to a defined benefit pension plan and that is intended to meet the requirements of Section 115 of the Internal Revenue Code.

(c) "Required pension contributions" means future required contributions to a defined benefit pension as defined in Statement 68 of the Governmental Accounting Standards Board, as it may be amended from time to time.

21711. (a) The California Employers' Pension Prefunding Trust Fund is hereby established as a special trust fund in the State Treasury for the purpose of allowing state and local public agency employers that provide a defined benefit pension plan to their employees to prefund their required pension contributions. Notwithstanding Section 13340, all moneys in the California Employers' Pension Prefunding Trust Fund are continuously appropriated to the board without regard to fiscal years to carry out the purpose of this chapter, consistent with the board's fiduciary duty.

(b) The board shall have the sole and exclusive control of the administration and investment of the California Employers' Pension Prefunding Trust Fund and shall have the authority to make investments pursuant to Part 3 (commencing with Section 20000).

(c) Income, of whatever nature, earned on the California Employers' Pension Prefunding Trust Fund, shall be credited to the fund.

(d) Notwithstanding subdivision (b), the board shall offer participating employers investment options for funds in the California Employers' Pension Prefunding Trust Fund consisting of cost-effective, diversified investment portfolios that do not exceed the risk and return profiles of the investment options available for the investment of funds in the Annuitants' Health Care Coverage Fund, administratively referred to as the California Employers' Retiree Benefit Trust Fund, established pursuant to Section 22940.

21712. Each participating employer shall pay an amount, not to exceed the reasonable administrative costs, as determined by the board, for administrative and asset management of the prefunding plan established by this chapter. The board shall deposit to the credit of the California Employers' Pension Prefunding Trust Fund all amounts received by the board for those administrative and asset management costs.

21713. An employer authorized by the board may elect to participate in the prefunding plan established by this chapter.

21714. The board may, in its discretion and upon terms and conditions set by the board, authorize an employer to participate in the prefunding plan established by this chapter. The governing body of a participating employer shall enter into a contract with the board, setting forth the terms and conditions of that employer's participation in the prefunding plan, including, but not limited to, funding, expenditures, and actuarial, accounting, reporting, and investment considerations.

21715. (a) The board may terminate the participation of an employer in the prefunding plan if any of the following apply:

(1) An employer elects to cease to participate in the prefunding plan.

(2) The board finds that the participating employer has failed to satisfy the terms and conditions required by this chapter, by board rules or regulations, or by the contract between the governing body of that participating employer and the board.

(3) The board terminates the prefunding plan.

(b) The board may, in its discretion, authorize an employer to transfer assets into or out of the prefunding plan. That transfer of assets shall comply with all of the following:

(1) The transfer shall satisfy the terms of the contract between the governing body of that participating employer and the board.

(2) The transfer shall satisfy the requirements under the applicable rules of the Governmental Accounting Standards Board.

(3) The transfer shall satisfy the requirements of a trust established under Section 115 of the Internal Revenue Code.

(c) If the board terminates the participation of an employer in the prefunding plan as described in paragraph (1) or (2) of subdivision (a), the assets attributable to the contributions by that employer shall remain in the prefunding plan, for the continued payment of required pension contributions and the costs of administration, pursuant to the terms and conditions of participation established by the board and as agreed to by the employer.

21716. The board may adopt regulations, including emergency regulations pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), to implement this chapter. For purposes of Sections 11346.1 and 11349.6, the adoption of any emergency regulations that are filed with the Office of Administrative Law shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare.

SEC. 2. The sum of six hundred ninety-five thousand one hundred forty dollars (\$695,140) is hereby appropriated from the General Fund to the Board of Administration of the Public Employees' Retirement System for expenditure in the 2019–20 fiscal year to develop the California Employers' Pension Prefunding Trust Program established pursuant to Chapter 19

(commencing with Section 21710) of Part 3 of Division 5 of Title 2 of the Government Code.

O



California State Treasurer  
**John Chiang**



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**LOCAL AGENCY INVESTMENT FUND**

## Program Description

The Local Agency Investment Fund (LAIF), is a voluntary program created by statute; began in 1977 as an investment alternative for California's local governments and special districts and it continues today under Treasurer John Chiang's administration. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code.

This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office investment staff at no additional cost to the taxpayer. This in-house management team is comprised of civil servants who have each worked for the State Treasurer's Office for an average of 20 years.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The State Treasurer, as Chairman, or his designated representative appoints two members qualified by training and experience in the field of investment or finance, and two members who are treasurers, finance or fiscal officers or business managers employed by any county, city or local district or municipal corporation of this state.

The term of each appointment is two years or at the pleasure of the appointing authority.

All securities are purchased under the authority of Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery versus payment basis using a third party custodian. All investments are purchased at market and a market valuation is conducted monthly.

Additionally, the PMIA has Policies, Goals and Objectives for the portfolio to make certain that our goals of Safety, Liquidity and Yield are not jeopardized and that prudent management prevails. These policies are formulated by Investment Division staff and reviewed by both the PMIB and the LIAB on an annual basis.

The State Treasurer's Office is audited by the Bureau of State Audits on an annual basis and the resulting opinion is posted to the State Treasurer's Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. All investments and LAIF claims are audited on a daily basis by the State Controller's Office as well as an in-house audit process involving three separate divisions.

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This Section states that "moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

During the 2002 legislative session, California Government Code Section 16429.4 was added to the LAIF's enabling legislation. This Section states that "the right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the LAIF, upon demand, may not be altered, impaired, or denied in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year."

The LAIF has grown from 293 participants and \$468 million in 1977 to 2,397 participants and \$20.2 billion at the end of October 2018.

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**JOHN CHIANG  
TREASURER  
STATE OF CALIFORNIA**



**PMIA Performance Report**

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
10/15/18	2.14	2.13	200
10/16/18	2.15	2.13	198
10/17/18	2.15	2.13	198
10/18/18	2.16	2.13	197
10/19/18	2.16	2.13	197
10/20/18	2.16	2.13	197
10/21/18	2.16	2.13	197
10/22/18	2.16	2.14	199
10/23/18	2.16	2.14	200
10/24/18	2.16	2.14	202
10/25/18	2.16	2.14	200
10/26/18	2.16	2.14	201
10/27/18	2.16	2.14	201
10/28/18	2.16	2.14	201
10/29/18	2.17	2.14	203
10/30/18	2.17	2.14	201
10/31/18	2.19	2.14	201
11/01/18	2.19	2.15	206
11/02/18	2.19	2.15	206
11/03/18	2.19	2.15	206
11/04/18	2.19	2.15	206
11/05/18	2.19	2.15	205
11/06/18	2.19	2.15	205
11/07/18	2.19	2.15	203
11/08/18	2.20	2.15	213
11/09/18	2.21	2.16	205
11/10/18	2.21	2.16	205
11/11/18	2.21	2.16	205
11/12/18	2.21	2.16	205
11/13/18	2.20	2.16	203
11/14/18	2.21	2.16	201

\*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

**LAIF Performance Report**

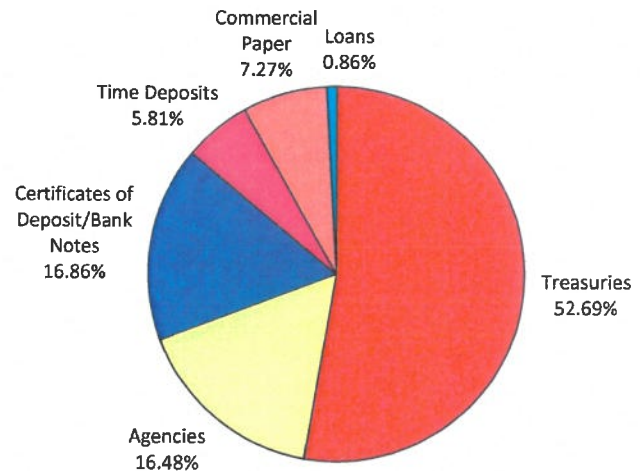
**Quarter Ending 09/30/18**

Apportionment Rate: 2.16%  
 Earnings Ratio: 0.00005909460836489  
 Fair Value Factor: 0.997832404  
 Daily: 2.09%  
 Quarter to Date: 2.00%  
 Average Life: 193

**PMIA Average Monthly Effective Yields**

**Oct 2018 2.144**  
 Sept 2018 2.063  
 Aug 2018 1.998

**Pooled Money Investment Account  
Portfolio Composition  
10/31/18  
\$84.7 billion**



Percentages may not total 100%, due to rounding.

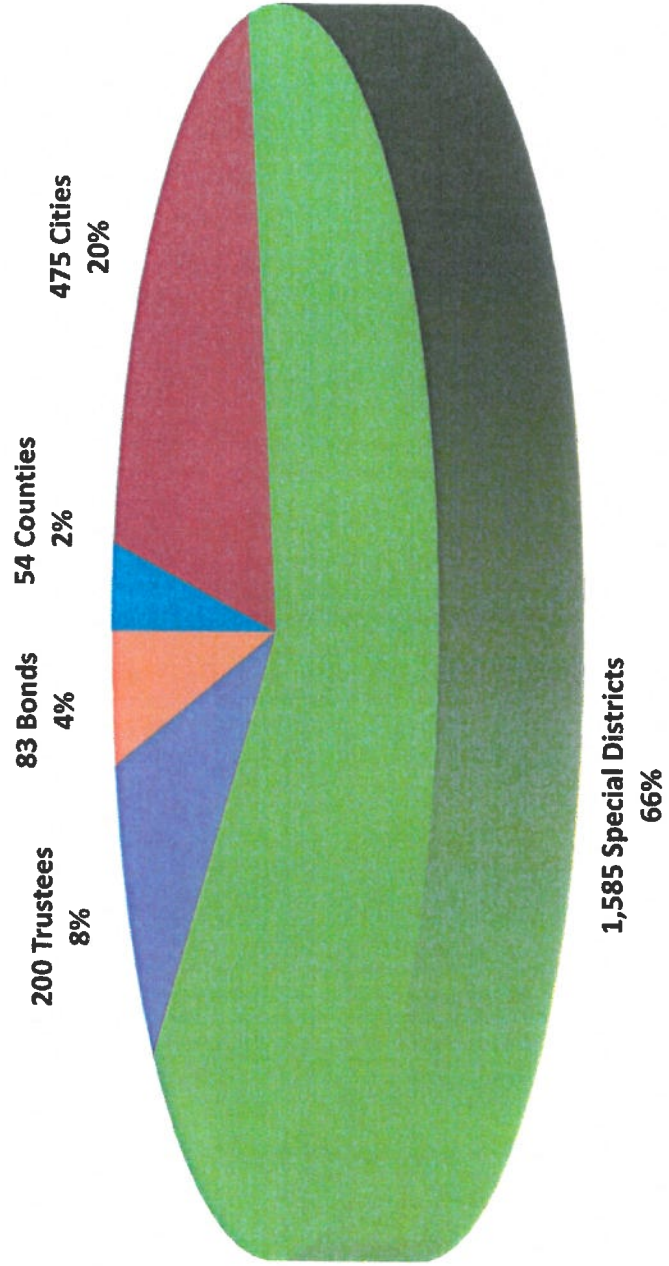
Based on data available as of 11/14/2018





# LOCAL AGENCY INVESTMENT FUND

Participation as of 10/31/18  
2,397 Agencies





**TO:** Port Commission  
**FROM:** Marian Olin, Port Director  
**DATE:** November 9, 2018  
**SUBJECT:** Approval of Reallocation of Capital Improvement Program Funding

**Recommendation:** *Authorize reallocation of \$863,000 in Capital Improvement Program project funding from the Aldo's Seawall Replacement Project, to:*

- *Dock Upgrades Project F008 (\$50,000);*
- *Unallocated Capital Improvement Program F099 (\$813,000).*

**BACKGROUND**

At its regular public session on August 28, 2018, the Port Commission authorized \$3,350,000 in financing from BBVA Compass Bank for two major capital improvements projects: Aldo's Seawall Replacement Project (\$1,600,000) and the Pile Removal and Replacement Project (\$1,750,000).

The loan closed on September 13, 2018. Proceeds, net of BBVA reserve requirements totaling \$287,618 and issuance costs totaling \$55,587, are:

Aldo's Seawall Replacement Project	\$1,436,081
Pile Removal and Replacement Project	\$1,570,714

Loan proceeds have been allocated to the fund balance for each project, supplementing funding previously set aside in the FY19 budget for these projects.

**ANALYSIS**

*Pile Removal and Replacement Project (F005)*

The Port Commission awarded a contract for Phase 1 of the Pile Removal and Replacement Project to Bellingham Marine earlier this year. Projected fund balance activity is shown below:

<i>Pile Removal and Replacement Project (F005)</i>	<i>Transfers In/Out</i>	<i>Total</i>
<b>Beginning Balance Apr 1, 2018</b>		<b>\$ 323,482</b>
FY19 Budget Allocation for Phase 1	\$ 554,400	
Loan Proceeds	1,570,714	
FY19 Expenditures and Force Account Labor at 10/31/18	(868,653)	
Retention (Released at Project Close-Out)	(42,906)	
<b>Projected Fund Balance</b>		<b>\$ 1,537,037</b>

Staff does not recommend reallocation of the Pile Removal and Replacement Project's current funding levels at this time. The analysis follows:

The Port District's regulatory permits authorize replacement of 219 piles. Of these, 18 were slated for a potential reconfiguration of H and I dock, which is not being pursued, leaving 136 piles that will potentially be replaced, 19 of which are part of an unspecified allowance. Staff has been in contact with Greg Mailho of the engineering firm TranSystems, to analyze which of the remaining piles permitted for replacement should be included in Phase 2, and to develop a Request for Proposals with specifications on contractor methods and materials. TranSystems has indicated that the Phase 1 project's per pile price (approx. \$13,500) is not unexpected for a replacement project.

If the Port District replaces 120 piles as part of Phase 2 at a cost of \$13,500 per pile, the total estimated project cost is \$1.62 million, exceeding current project funding levels of \$1,537,037 by approximately \$82,963. If a funding shortfall exists, the Port Commission may then consider whether to value engineer the project to reduce costs or allocate funding from another source (such as the Unallocated Capital Improvement Fund).

Aldo's Seawall Replacement (F027)

Projected fund balance activity for the Aldo's Seawall Replacement Project is shown below:

<i>Aldo's Seawall Replacement (F027)</i>	<i>Transfers In/Out</i>	<i>Total</i>
<b>Beginning Balance Apr 1, 2018</b>		<b>\$ 75,582</b>
FY19 Budget Allocation	\$ 1,600,000	
Loan Proceeds	1,436,081	
FY19 Expenditures and Force Account Labor at 10/31/18	(73,008)	
Projected FY19 Engineering Expenditures	(25,630)	
<b>Projected Fund Balance</b>		<b>\$ 3,013,025</b>

The most recent cost estimate by Mesiti-Miller Engineering for replacement of the seawall, including plans, permits, construction administration and a 10% contingency allowance, is \$2.1 million (see Attachment A). Staff recommends reallocating \$863,000 of the current fund balance to other Capital Improvement Plan projects, leaving approximately \$2.15 million in funding for the seawall project.

Dock Upgrades (F008)

At the Port Commission's April 24, 2018, regular public session, staff was authorized to fabricate new aluminum gates in support of the electronic keying project (Harbor Security Upgrades HO01) using available funding from Dock Upgrades (F008), and an additional \$50,000 in funding anticipated in the FY20 budget cycle. On July 24, 2018, the Commission authorized additional funding for Dock Upgrades to repair and upgrade southeast harbor brow piers (N through S-Docks) and replace existing gangways with lightweight aluminum gangways.

Staff recommends allocating \$50,000 to the Dock Upgrades project now, as opposed to waiting for the anticipated FY20 allocation, allowing staff to move forward with acquisition of aluminum gangways for the southeast harbor and complete fabrication of all dock gates.

Unallocated Capital Improvement Plan Funds (F099)

Staff recommends allocating the remaining \$813,000 to the Unallocated Capital Improvement Plan Fund.

**IMPACT ON PORT DISTRICT RESOURCES**

There is no impact on Port District resources as a result of reallocation of these funds within the Capital Improvement Program. The Port District currently has approximately \$4.1 million in cash available for operations, debt service and unanticipated expenses, not including the reserve funds.

<b>Fund Balance</b>		<i>Projections at Nov 2, 2018</i>
Dredge Intermediate	190,772	
Reserve Fund	1,772,912	
Capital Improvement Fund	5,879,867	<i>Incl. \$3,006,795 loan funding</i>
Election	200,000	
PEMHCA	175,000	
<b>Total Designated Funds</b>	<b>\$ 8,218,551</b>	
<b>Total Cash on Deposit</b>	<b>\$ 13,417,932</b>	
<b>TOTAL CASH (less designated funds)</b>	<b>\$ 5,199,381</b>	
Less BBVA Reserve (Restricted)	\$1,014,763	
<b>Cash Available</b>	<b>\$ 4,184,618</b>	

ATTACHMENT – A. Mesiti Miller Engineer Cost Estimate for Aldo’s Seawall Replacement



## Cost Estimate for Aldo's Seawall Replacement

ITEM	DESCRIPTION	QUANTITY	UNITS	UNIT PRICE	EXTENSION
<b>Sheet Pile Wall</b>					
1	Mobilization/Demobilization Demo and Exc. Equip	1	LS	\$125,000	\$125,000
2	Cap Utilities (Aldos Restaurant)	1	LS	\$10,000	\$10,000
3	Grout Sinkholes	1	LS	\$16,000	\$16,000
4	Building Demolition	1800	SF	\$12	\$21,600
5	Demolish and Remove Aldo's Deck	1500	SF	\$10	\$15,000
6	Demolish and Remove Wharf Section	1	LS	\$15,000	\$15,000
7	Remove Wharf Pilings	4	EA	\$2,000	\$8,000
8	Pre-drill for Sheet piles	1	LS	\$50,000	\$50,000
9	Furnish and Install Sheet Piles	4400	SF	\$225	\$990,000
10	Furnish and Install Tiebacks	17	EA	\$12,000	\$204,000
11	Install Concrete Pile Cap & Closures	50	CY	\$900	\$45,000
12	Install Stone Backfill (crushed rock)	280	TNS	\$100	\$28,000
13	Remove and Reinstall Rip-Rap	1	LS	\$50,000	\$50,000
14	Wharf Reconstruction	540	SF	\$100	\$54,000
15	Railing & Guards	150	LF	\$400	\$60,000
16	Reinstall Concrete Stair and Gangway	1	LS	\$25,000	\$25,000
17	Landscaping	1	LS	\$10,000	\$10,000
18	Site Grading	1	LS	\$15,000	\$15,000
19	Storm Drain / Utilities	1	LS	\$20,000	\$20,000
20	Allocation for Miscellaneous Work	1	LS	\$25,000	\$25,000
				<b>SUB-TOTAL:</b>	<b>\$1,786,600</b>
<b>PLANS, PERMITS, CONSTRUCTION ADMINISTRATION</b>					
21	Monitoring and Inspection Allowance	1	LS	\$50,000	\$50,000
22	Construction Administration Allowance	1	LS	\$75,000	\$75,000
				<b>SUB-TOTAL:</b>	<b>\$125,000</b>
				<b>CONTINGENCIES (10%):</b>	<b>\$191,160</b>
				<b>BUDGET:</b>	<b>\$2,102,760</b>



TO: Port Commission

FROM: Marian Olin, Port Director

DATE: November 14, 2018

SUBJECT: Additional Services Contract for Design and Permitting of Seawall Replacement at Aldo's Restaurant – Santa Cruz Harbor (NTE \$17,500)

**Recommendation:** *Authorize a contract amendment with Mesiti-Miller Engineering for design and permitting of the seawall at Aldo's Restaurant in an amount not to exceed \$17,500.*

## BACKGROUND

In April 2017, the Commission approved a contract with Mesiti-Miller Engineering (MME) for engineering design and permitting of a sheetpile seawall with tiebacks at Aldo's Restaurant in the amount of \$220,135.

MME is requesting a \$17,500 contract amendment to cover additional unanticipated services (Attachment A).

## ANALYSIS

The original contract with MME included services necessary to complete engineering, design and development of all construction documents and obtain permits for replacement of the seawall. The 100% plans were presented by MME to the Port Commission in June 2018. A previous contract amendment (#1) was approved by the Port Director in the amount of the \$20,000 contingency. There is approximately \$8,100 remaining on the current contract.

This 2nd contract amendment in the amount of \$17,500 is within the Port Director's \$25,000 contract authorization limit; however, because it exceeds the contingency amount previously authorized by the Commission on a larger contract, it is being presented to the Commission for approval.

The additional services are primarily related to the permit process. An Incidental Harassment Authorization (IHA) was required. The IHA required a hydroacoustic analysis of construction-related noise, ambient noise and an evaluation of potential impacts for each endangered species within earshot of the project. This added regulatory layer has proven to be extremely time consuming for subcontractor EcoSystems West and MME, who continue to work through this process and respond to questions from National Marine Fisheries Service about the analysis. Construction methodologies also had to be analyzed and amended, to ensure compliance with permit conditions and mitigate issues to the extent possible (e.g., pre-drilling for pile installation and requiring a "soft" start for pile driving, to give species time to leave the "ensouffled" area before hammer strikes begin in earnest).

The property boundary in the project area required additional survey work. Property boundaries have been verified for purposes of the seawall replacement project; however, it is likely that additional title research may be required to satisfy lender requirements for re-construction of the building. Any additional title documents needed for future building reconstruction is separate from this effort.

### **Permit Status**

The California Regional Water Quality Control Board issued its 401 Certification for the project on September 18, 2018.

The California Department of Fish and Wildlife (CDFW) issued its draft Streambed Alteration Agreement for the seawall replacement project on November 13, 2018. Staff has 30 days to review and notify CDFW whether we agree with the measures included in the permit. Based on a preliminary review of the document, the measures appear to be acceptable.

The California Coastal Commission had indicated they were inclined to permit the replacement project under a waiver; however, after further review by Coastal staff, a Coastal Development Permit (CDP) will be required. To ensure the building can be permitted as a replacement structure following replacement of the seawall, the CDP application process required submission of the building's conceptual design plans along with the seawall replacement. The Coastal Commission would not otherwise issue a permit for new construction encroaching into the waterway. The CDP application has been submitted and is being processed by Coastal staff.

The US Army Corps of Engineers (USACE) is processing the District's application and initiated formal consultation is underway with US Fish and Wildlife Service (USFWS) and National Marine Fisheries Service (NMFS), which initiated the IHA requirement. As noted above, EcoSystems West is continuing to respond to questions from NMFS about the IHA, and is actively working with NMFS, USFWS and USACE to ensure that permit conditions are reasonable and achievable.

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

Agenda item #8 *Approval of Reallocation of Capital Improvement Program Funding*, provides for \$2.15 million in funding for the seawall replacement project. Project funding is adequate to cover this \$17,500 contract amendment.

ATTACHMENT A - MME Contract Amendment #2



November 8, 2018

**Marian Olin, Port Director**  
**Santa Cruz Port District**  
135 5<sup>th</sup> Avenue  
Santa Cruz, CA 95062

**Re: Design and Permitting of Seawall Replacement**  
**Aldo's Restaurant - Santa Cruz Harbor**  
Contract Amendment No: 2  
Purpose: Additional Design Phase Services  
MME Project No: 17138

Dear Ms. Olin,

As you requested, we are pleased to submit this amendment to our existing agreement for the following additional services in support of the above referenced project:

1. Additional meetings and coordination to assist with permitting services for the Incidental Harassment Permit and Coastal Commission Permit.
2. Reviewed, researched, and commented on permit applications to assist Eco-Systems.
3. Revise project specifications and plans to coordinate with latest anticipated permit conditions.
4. Assist project surveyor with research of property line limits.

As in our original agreement, compensation for all services rendered in connection with this project will be based on time and expenses charged in accordance with our Standard Billing Rates. Based on information available to us at this time, it is our opinion the cost of our additional design phase services will be approximately **\$17,500** including reimbursable expenses. Invoices for these additional services will reference our project number 17138-P1.

All provisions of our original agreement are considered to be in full force and effect with respect to these additional services. Please confirm your authorization to proceed with your standard agreement referencing this document for understanding, scope and fee.

We thank you for the opportunity to be of continued service on this project.

Respectfully yours,

Dale Hendsbee, S.E.  
Principal

cc: Addressee  
Contract file

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Santa Cruz Port District  
**Account Payable Monthly Check Register**  
October 2018

Date	No.	Vendor	Description	Amount
10/3/2018	50505	Lighthouse Welding	Contract Services - <i>Dauntless</i> Major Overhaul & <i>Twin Lakes</i> Snorkel Installation (Progress Payment)	\$39,267.59
10/5/2018	50506	Ace Portable Services	Portable Toilet Rental	\$191.80
10/5/2018	50507	Allied Administrators for Delta Dental	Dental Insurance	\$2,855.73
10/5/2018	50508	AmeriDyn	Microsoft Dynamics Training	\$25.00
10/5/2018	50509	Aqua Safaris	SCUBA Equipment	\$89.59
10/5/2018	50510	AT&T	Telephone	\$524.29
10/5/2018	50511	AT&T Mobility	Tablet Service	\$235.50
10/5/2018	50512	B AND B Small Engine	Landscaping Tools Maintenance	\$38.07
10/5/2018	50513	Balloons To Go	Balloon Displays for Car Show	\$513.45
10/5/2018	50514	Bay Plumbing Supply, Inc.	Pipe Hangers for Pump-a-Head Installation	\$21.45
10/5/2018	50515	Bay Power Equipment, Inc.	Hydraulic Parts for <i>Squirt</i>	\$2,145.59
10/5/2018	50516	Bayside Oil II, Inc.	Waste Oil Disposal	\$408.25
10/5/2018	50517	Bibighaus, Brian	Security Deposit Refund	\$108.83
10/5/2018	50518	Big Creek	Tire Chocks for Launch Ramp, Miscellaneous Tools and Supplies, Lumber for Brow Pier Repairs, Screws	\$883.96
10/5/2018	50519	Blake Anderson	Quarterly Uniform Allowance	\$190.00
10/5/2018	50520	Bobby's Pit Stop, Inc.	Maintenance Truck Starter Replacement	\$384.83
10/5/2018	50521	Bow Wow Pet Waste Products	Pet Waste Station Bags	\$261.53
	50522	VOID		
10/5/2018	50523	Bumgarner, Steven	Security Deposit Refund	\$125.92
10/5/2018	50524	Burke, Williams & Sorensen, LLP	Legal Consultation	\$1,854.50
10/5/2018	50525	CA Marine Affairs & Navigation Conference	CMANC Annual Registration Fee	\$2,100.00
10/5/2018	50526	Cale America, Inc.	Parking Machine Monthly Service (8 Machines)	\$652.00
10/5/2018	50527	Capitola Pump Company, Inc.	Float Switches for Lift Station	\$482.70
10/5/2018	50528	City of Santa Cruz Finance Dept.	Contracted Lifeguard Services (2018)	\$16,354.00
10/5/2018	50529	Comcast	Business Internet Service	\$85.30

10/5/2018	50530	Comerica Cardmember Services	Office Furniture, CMANC Conference Registration Fees, CalPERLA Annual Conference Registration Fee, Coolant for <i>Dauntless &amp; Squirt</i> , Rotary Switch for <i>Twin Lakes</i> , Employment Advertising, Port Commission Meeting Refreshments, Storm Drain Water Tanks at Boatyard, Ammunition, Painting Supplies, Toner	\$15,072.32
10/5/2018	50531	Computer Technical Specialists, Inc.	Pet Waste Station Bags	\$3,634.92
10/5/2018	50532	Crow's Nest Restaurant	1/2 Roof Repairs at 2218 East Cliff Drive	\$375.47
10/5/2018	50533	Darco Printing & Paper	Printing	\$374.67
10/5/2018	50534	Data Ticket, Inc.	Citation Processing (August 2018)	\$539.69
10/5/2018	50535	David Hill	Quarterly Uniform Allowance & Mileage Expense Reimbursement	\$232.55
10/5/2018	50536	Doctors on Duty	Employee Hepatitis B Inoculation Series	\$93.00
10/5/2018	50537	Dodson, David	Security Deposit Refund	\$123.88
10/5/2018	50538	Don Kinnamon	Quarterly Uniform Allowance	\$190.00
10/5/2018	50539	Dredging Supply Company, Inc.	O-Ring & Washer for <i>Twin Lakes</i>	\$414.87
10/5/2018	50540	Elevator Service Company	Elevator Contract Service (\$218.40 Tenant Reimbursable)	\$420.00
10/5/2018	50541	Ewing Irrigation Products, Inc.	Pump-a-Head Installation & Irrigation Tools and Supplies	\$555.33
10/5/2018	50542	Fastenal Company	Welding Supplies & Drill Bit	\$1,070.12
10/5/2018	50543	FedEx Office	Shipping	\$48.56
10/5/2018	50544	Flyers Energy, LLC	Fuel for Beach Equipment	\$640.15
10/5/2018	50545	Grainger	Bird Spikes, Work Gloves, Tool Belt, Buckets, Drill Bits, Batteries, Safety Goggles, Rivets for Dock Gate Installation	\$832.72
10/5/2018	50546	Gsolutionz	Telephone System Maintenance	\$199.99
10/5/2018	50547	Home Depot Credit Services	Supplies for Boatyard Water Main Repair, Bench Stain, Squeegees, Landscaping Tools & Supplies, Flooring at 345 Lake Avenue	\$7,486.50
10/5/2018	50548	Hose Shop	Anti-Seize Tape, Water Hose Connections, Hose Clamps	\$570.01
10/5/2018	50549	Hub Parking Technology	Concession Parking Lot Gate Arm Repair	\$415.00
10/5/2018	50550	Independent Electric Supply, Inc.	Lift Station Maintenance	\$26.02
10/5/2018	50551	It's Catching LLC	Boat Salvage, Vessel Dewatering & Tow	\$4,362.00
10/5/2018	50552	Jeff Winham	Trash Collection & Compaction (August - September 2018)	\$3,062.50

10/5/2018	50553	Johnny's Harborside	Credit Balance Refund	\$382.26
10/5/2018	50554	Jordan Rank	Quarterly Uniform Allowance	\$190.00
10/5/2018	50555	Kelly-Moore Paint Company, Inc.	Painting Supplies for 365 & 493 Lake Avenue	\$268.91
10/5/2018	50556	Kevin King	Training Expense Reimbursement & Quarterly Uniform Allowance	\$650.25
10/5/2018	50557	Koby McCauley	Quarterly Uniform Allowance	\$190.00
10/5/2018	50558	Large's Metal Fabrication, Inc.	Metal for Dredging Operations	\$60.50
10/5/2018	50559	Latisha Marshall	Quarterly Uniform Allowance	\$190.00
10/5/2018	50560	LESSIN, ERIC	Security Deposit Refund	\$160.86
10/5/2018	50561	MAGILL, MICHAEL	Security Deposit Refund	\$343.90
10/5/2018	50562	Marina Ware	Progress Payment for Harbor Security Upgrades Project & Quarterly Support Services	\$6,875.00
10/5/2018	50563	Matheson Tri-Gas, Inc.	Welding Gas & Supplies for Dock Gate Fabrication	\$793.79
10/5/2018	50564	Michael Scott	Security Deposit Refund	\$49.90
10/5/2018	50565	Mid County Auto Supply	Maintenance Truck Steering Fluid, Utility Bucket Truck Maintenance Supplies	\$328.83
10/5/2018	50566	Mission Uniform Service	Uniform Service	\$749.27
10/5/2018	50567	Nevil, Keven	Security Deposit Refund	\$213.16
10/5/2018	50568	Pacific Gas & Electric Company	Utilities	\$10,904.54
10/5/2018	50569	Palace Art & Office Supply	Office Supplies	\$400.01
10/5/2018	50570	Peterson	O-Rings for <i>Twin Lakes</i>	\$205.49
10/5/2018	50571	Print Smith	Business Card Printing	\$267.42
10/5/2018	50572	Ramos, Brenda	Medical Expense Reimbursement (Prorated 2018)	\$204.17
10/5/2018	50573	Santa Cruz Fire Equipment Company	Fire Extinguisher Service	\$585.90
10/5/2018	50574	Santa Cruz Municipal Utilities	Utilities	\$13,971.82
10/5/2018	50575	SC Fuels	Gasoline & Diesel for Fuel Dock	\$22,108.12
10/5/2018	50576	Schultz, Andrew	Security Deposit Refund	\$403.88
10/5/2018	50577	Seagraves, Jerry	Security Deposit Refund	\$335.36
10/5/2018	50578	Sean Rothwell	Quarterly Uniform Allowance	\$190.00
10/5/2018	50579	Shimizu, Setsuko	Security Deposit Refund	\$264.25
10/5/2018	50580	SPI/Mobile Pulley Works, Inc.	Flange Gasket Freight	\$267.65

10/5/2018	50581	Staples Credit Plan	Office Supplies	\$134.53
10/5/2018	50582	The Print Gallery	T-Shirts for Car Show	\$1,892.96
10/5/2018	50583	Triton Construction	Monthly Operator Service	\$75.00
10/5/2018	50584	U.S. Bank Equipment Finance	Copy Machine Lease	\$151.31
10/5/2018	50585	Valero Marketing & Supply Company	Fuel for Fleet Vehicles	\$2,079.80
10/5/2018	50586	West Coast Wire Rope	Wire Lube for <i>Twin Lakes</i>	\$979.76
10/5/2018	50587	West Marine Pro	PFD's for <i>Twin Lakes</i> , VHF Radio for <i>Dauntless</i> , Caulking Supplies for <i>Twin Lakes</i> , Heat Shrink, Bilge Wire, Hoses	\$547.26
10/5/2018	50588	Williams, Homer	Security Deposit Refund	\$252.00
10/5/2018	50589	Wilson Walton International, Inc.	<i>Twin Lakes</i> Inspection & Testing	\$1,150.00
10/5/2018	50590	WRIGHT, ANDREW	Security Deposit Refund	\$229.80
10/11/2018	50591	Citi Cards	Dust Abatement - 7th and Brommer	\$2,748.77
10/11/2018	50592	Phillip Retamoza	Car Show Music/Entertainment	\$500.00
10/11/2018	50593	The Print Gallery	T-Shirts for Car Show (2nd Order)	\$413.87
10/19/2018	50594	AmeriDyn	Microsoft Dynamics Training	\$25.00
10/19/2018	50595	AT&T	Telephone	\$1,554.06
10/19/2018	50596	Atchison Barisone Condotti & Kovacevich	Legal Services	\$8,489.01
10/19/2018	50597	CIT	Telephone System Lease	\$338.48
10/19/2018	50598	Bay Power Equipment, Inc.	Hydraulic Parts for <i>Squirt</i>	\$851.04
10/19/2018	50599	Big Creek	Decking for <i>Dauntless</i> , Lumber for Brow Pier Repairs	\$3,046.92
10/19/2018	50600	Brass Key Locksmith, Inc.	Dock Gate Lock Boxes	\$224.36
10/19/2018	50601	BSD OF SANTA CRUZ	Contract Services - <i>Dauntless</i> Major Overhaul, <i>Free Ride</i> Maintenance	\$22,782.95
10/19/2018	50602	Bumgarner, Steven	Key Deposit Refund	\$40.00
10/19/2018	50603	California Special Districts Association	Membership Dues	\$7,252.00
10/19/2018	50604	Carpi Clay & Smith	Washington Representation	\$800.00
10/19/2018	50605	City of Santa Cruz Finance Dept.	Storm Water Users Charge	\$8,830.76
10/19/2018	50606	Colby, Roy	Security Deposit Refund	\$90.00
10/19/2018	50607	Comcast	Business Internet Service	\$16.36
10/19/2018	50608	Compass Bank	Principal & Interest - Taxable Loan	\$136,305.32

10/19/2018	50609	Complete Mailing Service	Statement Mailing & Postage	\$541.44
10/19/2018	50610	Costco Membership	Costco Annual Membership Dues	\$60.00
10/19/2018	50611	County of Santa Cruz Auditor	Citation Tax (August - September 2018)	\$6,180.50
10/19/2018	50612	Craig, Mark	Security Deposit Refund	\$63.41
10/19/2018	50613	Crow's Nest Restaurant	1/2 Concession Lot Garbage & Compactor Lease (Tenant Reimbursable) and 1/2 Roof Repairs at 2218 East Cliff Drive	\$2,576.53
10/19/2018	50614	Darco Printing & Paper	Printing	\$233.52
10/19/2018	50615	Fastenal Company	Bolts and Electrical Supplies for <i>Squirt</i>	\$27.47
10/19/2018	50616	FedEx Office	Shipping	\$125.50
10/19/2018	50617	First Alarm Security & Patrol, Inc.	Security Patrol	\$4,677.12
10/19/2018	50618	Garda CL West, Inc.	Deposit Courier Service	\$278.09
10/19/2018	50619	GP Crane & Hoist	Public Pier Crane Maintenance	\$389.19
10/19/2018	50620	Grainger	Bird Spikes	\$304.73
10/19/2018	50621	Hose Shop	Compactor Hose and Fittings	\$54.92
10/19/2018	50622	Independent Electric Supply, Inc.	50 Amp Outlet	\$11.85
10/19/2018	50623	Jason Laine	CalPERS Overpayment Refund	\$120.96
10/19/2018	50624	Jim Clark	Annual Backflow Testing	\$854.00
10/19/2018	50625	Johnson Hicks Marine Electronics	VHF Radio Antenna	\$170.15
10/19/2018	50626	Jorgensen, Siegel, McClure & Flegel, LLP	Legal Consultation	\$1,306.43
10/19/2018	50627	Kevin Butler	Security Deposit Refund	\$225.06
10/19/2018	50628	Lawson	<i>Twin Lakes</i> Maintenance, Hydraulic Fittings for <i>Dauntless</i> , Bolts for North Harbor Pipes	\$1,435.17
10/19/2018	50629	LLoyd's Tire Service	Tires for Dredge Truck	\$1,120.39
10/19/2018	50630	Lopez-Martinez, Jorge	Mileage Expense Reimbursement	\$63.84
10/19/2018	50631	Matheson Tri-Gas, Inc.	Cutting Torch Gas	\$515.40
10/19/2018	50632	McMaster-Carr Supply Company	<i>Dauntless</i> Lubricant & Hardware, Electrical Supplies for <i>Squirt</i> , Tools and Supplies for Dredging Operations, Cooling System Gaskets for <i>Dauntless</i> , Painting Supplies for <i>Twin Lakes</i>	\$984.65
10/19/2018	50633	Mesiti-Miller Engineering, Inc.	Consulting Services - Aldo's Seawall Replacement Project	\$11,825.00
10/19/2018	50634	Mid County Auto Supply	Hydraulic Filters for <i>Squirt</i> , Batteries, Air Compressor Filter	\$360.40

10/19/2018	50635	Mission Uniform Service	Uniform Cleaning	\$162.37
10/19/2018	50636	Monterey Bay Marine	Vessel Maintenance ( <i>Odd Job</i> & Dredge Skiff)	\$2,409.12
10/19/2018	50637	Operating Engineers Local Union No. 3	Union Dues (Payroll Deduction)	\$252.00
10/19/2018	50638	P & F Distributors	Purchase of Replacement Offshore Discharge Pipe	\$26,074.55
10/19/2018	50639	Pacific Gas & Electric Company	Utilities	\$10,449.56
10/19/2018	50640	Palace Art & Office Supply	Office Supplies	\$390.93
10/19/2018	50641	PORAC Legal Defense Fund	Employee Representation (Payroll Deduction)	\$360.00
10/19/2018	50642	Ramos, Brenda	Mileage Expense Reimbursement	\$44.85
10/19/2018	50643	Red Hills Environmental, LLC	2018-19 Sampling Analysis Plan & Dredge Plan	\$16,600.00
10/19/2018	50644	Red Wing Shoe Store	Work Boots for Boatyard Crew	\$99.20
10/19/2018	50645	San Lorenzo	Decking Materials for <i>Dauntless</i>	\$874.18
10/19/2018	50646	Santa Cruz Electronics, Inc.	Electronic Supplies for Harbor Security Upgrades Project	\$10.85
10/19/2018	50647	Santa Cruz Fire Equipment Company	Fire Extinguishers Inspections	\$2,484.60
10/19/2018	50648	Santa Cruz Municipal Utilities	Utilities	\$8,644.17
10/19/2018	50649	Santa Cruz Records Management, Inc.	Document Shredding	\$10.00
10/19/2018	50650	Southeast Publications	Advertising	\$509.00
10/19/2018	50651	The Print Gallery	T-Shirts for Car Show (3rd Order for Resale)	\$208.41
10/19/2018	50652	Trionic Corp.	Dock Boxes for Resale (10)	\$3,050.00
10/19/2018	50653	UNUM Life Insurance Co. of America	Life, LTD & AD&D Insurance	\$2,034.08
10/19/2018	50654	US Relay	Monthly Webcam Service (2 Cameras)	\$484.00
10/19/2018	50655	Verizon Wireless	Cell Phone & Tablet Service	\$312.37
10/19/2018	50656	WATKINS, ED	Security Deposit Refund	\$351.38
10/19/2018	50657	West Marine Pro	VHF Radio for Dredge Crew	\$483.85
10/19/2018	50658	Young, Ted	Key Deposit Refund	\$40.00
10/19/2018	50659	Zee Medical Service Co.	First Aid Supplies	\$50.36
	50660	VOID		
10/23/2018	50661	California Department of Tax and Fee Administration	Q3 2018 Sales Tax Return	\$5,529.00
10/23/2018	50662	California Department of Tax and Fee Administration	Underground Storage Tank Maintenance Fee	\$925.00
10/24/2018	50663	Windward Cay Marine	Boat Disposal (Division of Boating and Waterways Grant Reimbursable)	\$8,500.00

10/31/2018	50664	Bay Building Janitorial, Inc.	Janitorial Services (August - October 2018)	\$13,434.00
10/5/2018	4976-49	Various Employees	9/16/18-9/30/18 Payroll Checks	22204.42
10/19/2018	4995-50	Various Employees	10/1/18-10/15/18 Payroll Checks	19408.37
10/2/2018	EFT	ChargeltPro	Front Desk Credit Card Fees	\$1,350.85
10/2/2018	EFT	ElectronicPayments	Fuel Dock Credit Card Fees	\$595.34
10/2/2018	EFT	Transaction Express	Online Billpay ACH Fees	\$268.56
10/5/2018	EFT	PAYCHEX	Payroll Processing Fees	\$390.82
10/5/2018	EFT	Various Employees	9/16/18-9/30/18 Direct Deposit	49387.87
10/5/2018	EFT	PAYCHEX	9/16/18-9/30/18 Payroll Taxes	31470.42
10/9/2018	EFT	Empower Retirement	457 Savings Plan (Payroll Deduction)	\$2,329.17
10/9/2018	EFT	CalPERS	Health Insurance Premiums	\$33,469.79
10/9/2018	EFT	CalPERS	Retirement (Partial Payroll Deduction)	\$6,629.82
10/9/2018	EFT	CalPERS	Retirement (Partial Payroll Deduction)	\$554.19
10/9/2018	EFT	CalPERS	Retirement (Partial Payroll Deduction)	\$6,968.34
10/10/2018	EFT	Merchant Services	Online Billpay Credit Card Fees	\$173.13
10/10/2018	EFT	Merchant Services	CALE Credit Card Fees	\$1,844.50
10/10/2018	EFT	Merchant Services	Boatyard Credit Card Fees	\$544.75
10/10/2018	EFT	Comerica Bank	Bank Service Fees	\$1,699.87
10/10/2018	EFT	ChargeltPro	Front Desk Credit Card Gateway Fee	\$15.00
10/12/2018	EFT	PAYCHEX	Time and Labor Online Fees	\$265.00
10/19/2018	EFT	PAYCHEX	Payroll Service Fees	\$398.49
10/19/2018	EFT	Various Employees	10/1/18-10/15/18 Direct Deposit	48841.56
10/19/2018	EFT	PAYCHEX	10/1/18-10/15/18 Payroll Taxes	29284.43
10/22/2018	EFT	CalPERS	Unfunded Accrued Liability	\$446.33
10/22/2018	EFT	CalPERS	Unfunded Accrued Liability	\$296.54
10/22/2018	EFT	CalPERS	Unfunded Accrued Liability	\$18,668.40
10/22/2018	EFT	CalPERS	Retirement (Partial Payroll Deduction)	\$6,518.01
10/22/2018	EFT	CalPERS	Retirement (Partial Payroll Deduction)	\$575.52
10/22/2018	EFT	CalPERS	Retirement (Partial Payroll Deduction)	\$6,970.42

10/23/2018	EFT	Empower Retirement	457 Savings Plan (Payroll Deduction)	\$2,835.70
<b>Total October 2018 Disbursements</b>				<b>\$673,821.63</b>



## Harbormaster's Report

Regular Public Session of November 27, 2018

### Boatyard Report:

Service	Oct 18'	Sept 18'	Aug 18'
Haul outs	21	17	18
Hang in straps	11	5	11
Haul from water onto trailer	0	0	0
Splash	18	18	19
To/From Trailer	3	2	5
Crane Ops	3	1	2
Masts	0	0	0
Trailer Boats (No Lift)	0	0	0
Pressure Wash	1	0	1

### Harbor Activities/Events/News:

The Santa Cruz Yacht Club hosted several special events in October, including the annual pumpkin carving contest and lobster feed.

The 4<sup>th</sup> Annual Haunted Harbor took place on Saturday, October 27, 2018. The event was well attended, with hundreds of trick-or-treaters passing through the harbor. The Port District would like to thank harbor businesses and all participants that made this year's event a hit!

Harbor Patrol participated in the Santa Cruz County Sheriff's Office 4th Annual "Trunk-or-Treat," event. A variety of local law enforcement agencies participated, offering candy and prizes from the trunks of patrol vehicles. There were thousands of participants at this fun event.

Harbor Patrol attended Scotts Valley Police Department's annual awareness event held during "Red Ribbon Week," a national anti-drug campaign. The Red Ribbon Campaign promotes healthy living and supports a drug-free lifestyle with families, businesses, government agencies, churches, and schools within the community.

The Federal Excess Property Management Information System (FRAMES) now includes Harbor Patrol in its property management system. This inclusion provides the Port District access to a listing of excess/surplused property from other law enforcement agencies.

Commencing January 1, 2019, slip licensees will be required to provide proof of vessel liability insurance. To date, 146 slip licensees have submitted proof of insurance.

The U.S. Coast Guard's Aids to Navigation Team removed seasonal buoys from the federal entrance channel.

### Training/Conferences:

During the past month, harbor staff participated in the following training:

Monterey Bay Maritime Search and Rescue Council Meeting

Staff participated in the first revival meeting of the Monterey Bay Maritime Search and Rescue Council. The council represents twelve agencies, and meetings will be held quarterly. Harbormaster Marshall will serve as Co-Chair on the board. The meetings provide an opportunity for various agencies to share information on their response and assistance capabilities.

Offshore Area Familiarization Training

Harbor Patrol participated in an offshore area familiarization training, which included a field study of various landmarks (Rio Del Mar to Santa Cruz Harbor).

Occupational Safety and Health Administration (OSHA) Housekeeping Safety Training

Harbor staff participated in OSHA's housekeeping safety training, which explained the importance of workplace housekeeping, including workplace systemization and upkeep.

Department of Motor Vehicles (DMV) Information Security Statement

All sworn personnel submitted the DMV's annual required information security statement.

First Aid/CPR Instructor Certification

One Deputy Harbormaster successfully completed a First Aid/CPR instructor certification course (which will save the Port District approximately \$2,000 per year in training costs).

Storm Water Prevention Pollution Plan Training

Harbor staff participated in a storm water prevention pollution training, which was presented by the Port District's Qualified Industrial Storm Water Practitioner.

Advanced Maritime Officer's Course

One Deputy Harbormaster successfully completed the Division of Boating and Waterways' (DBW) 40-hour Advanced Maritime Officer's course. This training is designed to instruct the experienced marine law enforcement officer in advanced skills required to operate vessels in anti-terrorism and port security operations. Some of the topic areas covered were: maritime threats and smuggling indicators, charting intercepts, and pursuit of suspect vessels.

**Fuel Prices**

Unleaded	\$4.39
Commercial Unleaded	\$4.17
Diesel	\$3.99
Commercial Diesel	\$3.89

## Santa Cruz Port District

### **Facilities and Engineering Manager's Report**

Public Meeting of November 27, 2018

#### **Dredging**

##### North Harbor Dredging

Crews are currently digging in the X-J channel and are making progress northward. Crews completed the maintenance and repairs to the booster pump.

##### Snorkel

The anticipated completion date for the snorkel is November 25, 2018. Staff is planning on installing the new snorkel sometime in early December.

##### Entrance Dredging

Staff is currently hooking up the pipelines on the beach and plans to start entrance dredging later this month.

#### **Maintenance**

##### Grounds

Maintenance crews have temporarily been taking care of garbage hauling services due to contract termination with the previous provider. Staff is advertising a request for proposals (RFP), with a bid submission deadline of November 27, 2018.

##### Save our Shores

Crews removed the tenant's old carpets and replaced it with engineered hardwood flooring. Staff replaced the flooring due to a roof leak last winter, which saturated the carpet and caused an odor.

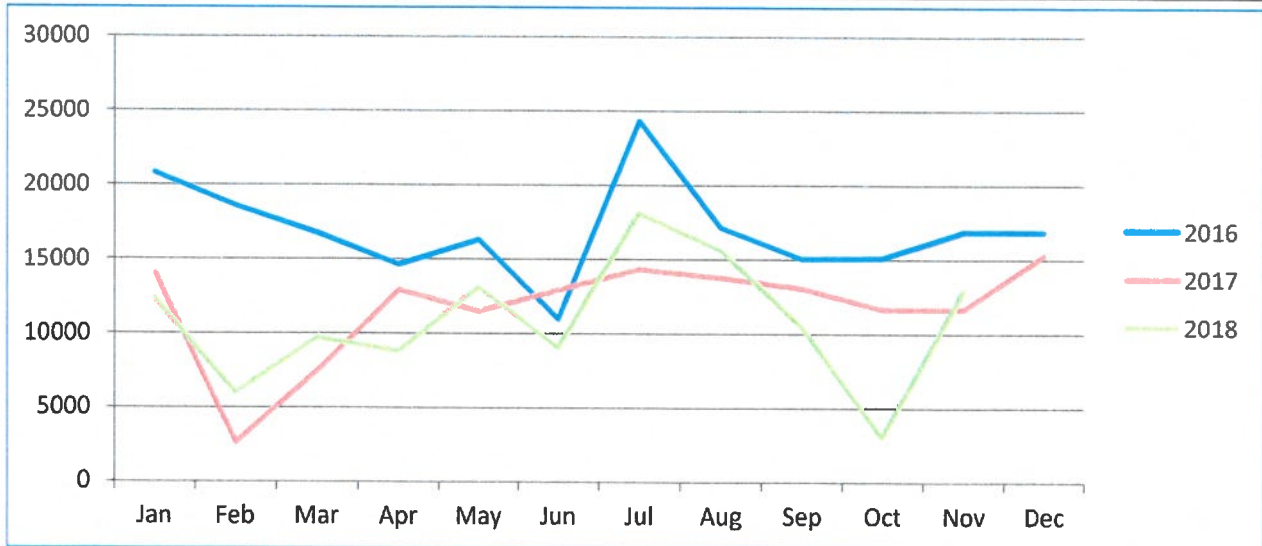
##### South East Harbor

Crews have replaced the gates and brow piers at P and R docks.

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

The following accounts have balances 60 days delinquent as of November 14, 2018.

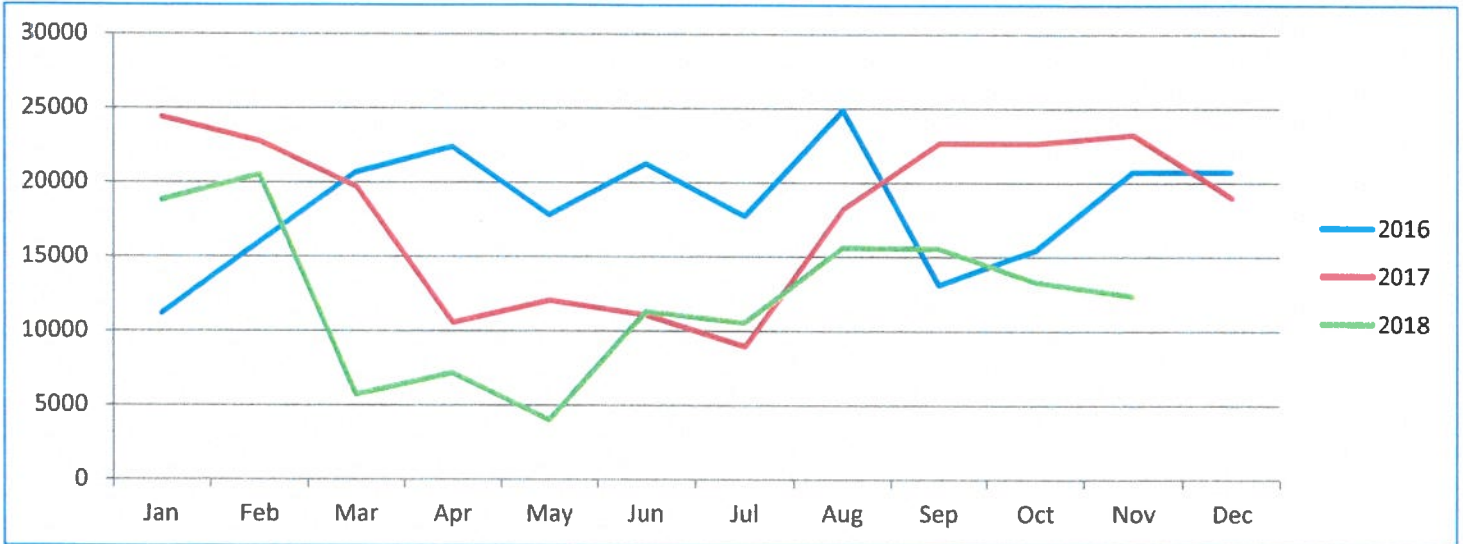
Account Number	Current Month	30 Day Balance	60 Day Balance	90 Day Balance	Total Balance
3161	468.24	499.32	470.40	0.00	1,437.96
45891	505.46	501.52	394.73	0.00	1,401.71
42927	446.77	443.32	414.86	0.00	1,304.95
45787	429.05	391.02	363.00	0.00	1,183.07
56356	354.18	396.26	230.89	0.00	981.33
1918	332.54	330.02	310.06	0.00	972.62
1995	332.54	330.02	302.50	0.00	965.06
57134	317.57	315.18	292.57	0.00	925.32
56083	402.52	407.56	73.33	0.00	883.41
57459	258.63	256.71	229.80	0.00	745.14
106	223.58	221.96	195.33	0.00	640.87
56573	144.96	143.97	117.99	0.00	406.92
56276	26.87	26.87	226.87	0.00	280.61
57357	81.38	80.92	55.46	0.00	217.76
2050	81.38	80.92	55.46	0.00	217.76
48170	81.38	80.92	55.46	0.00	217.76
55279	61.90	61.60	36.30	0.00	159.80
<b>Total:</b>	<b>4,548.95</b>	<b>4,568.09</b>	<b>3,825.01</b>	<b>0.00</b>	<b>12,942.05</b>



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

The following accounts have balances 90 days delinquent or greater as of November 14, 2018.

Account Number	Current Month	30 Day Balance	60 Day Balance	90+ Day Balance	Total Balance	Commercial Slip	Action
2862	0.00	964.03	670.04	989.38	2,623.45		Bad Debt
14099	39.21	39.21	0.00	1,848.02	1,926.44		Bad Debt
45545	0.00	36.98	36.98	1,524.94	1,598.90		Bad Debt
2883	335.03	332.51	329.99	298.71	1,296.24		Revoke/Liened
56219	475.42	448.63	171.25	0.00	1,095.30		Revoke/Liened
56218	31.68	31.68	0.00	888.36	951.72		Bad Debt
56783	30.85	30.85	30.85	768.65	861.20		Bad Debt
56994	27.78	27.78	27.78	531.76	615.10		Bad Debt
2617	28.13	28.13	28.13	488.59	572.98		Bad Debt
57612	82.31	81.85	81.38	136.38	381.92		Revoke/Liened
56546	29.85	27.66	0.00	247.07	304.58		Bad Debt
55583	0.00	0.00	28.76	84.16	112.92		Bad Debt
57023	0.00	0.00	0.00	54.00	54.00		Bad Debt
<b>TOTAL:</b>	<b>1,080.26</b>	<b>2,049.31</b>	<b>1,405.16</b>	<b>7,860.02</b>	<b>12,394.75</b>		



# CHARTER / BUSINESS USE OF SLIPS ANNUAL REPORT

# 2018

## CHARTER FEE

Annual Charter Fee Formula - Small (6 Pak): \$119\*passenger rating, Medium (7-48 Pak): \$119\*2\*passenger rating, Large (49 + Pak): \$2 per passenger (base fee may apply)

Operator	Pak Rating	Slips Originating From:		Revenue Calculation:		Discounts:			Adjusted Revenue (After Discounts):		Comments:
		Commission	Waiting List	Annual Slip Rent	Annual Charter Fee	Public Benefit	Other	Annual Slip Rent	Annual Charter Fee		
Armstrong, R	6		1	4,604	714	0	0	4,604	714		
Beauregard, J	49	1		12,278	37,776	0	0	12,278	37,776		Minimum base charter fee of \$2,000 per month. (Chard II)
Beauregard, J	49	1		13,526	24,000	0	0	13,526	24,000		2 Slips from PYS combined into 1, 80' slip. (Chard III)
Dolan, T	6		1	6,139	714	0	0	6,139	714		
Pac.Yacht & Sail	54	9		50,826	6,426	0	0	50,826	6,426		
Lighthall, S	12	2		13,241	1,428	0	0	13,241	1,428		
Moore, J	6		1	6,139	714	0	0	6,139	714		
Olsen, B & C	12		2	12,062	1,428	0	0	12,062	1,428		
O'Neill Yacht Charters	49	1		13,568	5,831	36%	0	8,683	3,732		Slip rent and charter fee discounted by percentage use for O'Neill Sea Odyssey. See "Discounted Slips" below.
O'Neill, P	6		1	10,145	714	0	0	10,145	714		Not actively chartering (Marie Celine).
Roberts, F	10		1	8,454	2,380	0	0	8,454	2,380		
Stagnaro, K	65	1		10,990	7,735	0	10%	10,990	6,962		10% Fish cleaning discount.
Stagnaro, K	46	1		10,145	5,474	0	10%	10,145	4,927		Stagnaro Fishing. Slip awarded prior to creation of wait list.
Stoops, R	30		1	7,674	7,140	0	0	7,674	7,140		
Thom, B	6		1	\$10,145	714	0	0	10,145	714		
					2018	\$6,984	\$1,321	\$180,447	\$99,054		
					2017	\$7,462	\$1,321	\$182,020	\$85,817		

## BUSINESS USE OF SLIP

Annual Business Use Fee Formula is Equal to: 1.5 times slip rent.

Operator	Pak Rating	Slips Originating From:		Revenue Calculation:		Discounts:			Adjusted Revenue (After Discounts):		Comments:
		Commission	Waiting List	Annual Slip Rent	Annual Bus. Use Fee	Public Benefit	Other	Annual Slip Rent	Annual Bus. Use Fee		
Ash, M	N/A	1		4,604	2,302	0	0	4,604	2,302		Vessel Assist
Kahn, P	N/A		1	10,145	5,072	0	0	10,145	5,072		Pegasus Racing
Kayak Connect.	N/A	1		4,356	2,178	0	0	4,356	2,178		Kayak Connection (U-Dock Float)
Lee, Bill	N/A		1	9,209	4,604	0	0	9,209	4,604		Wizard Yachts
Repass, R	N/A		1	6,139	3,070	0	0	6,139	3,070		West Marine
Thomas, K	6	1		5,225	2,612	0	0	5,225	2,612		Go Fish Santa Cruz Charters
					2018			\$39,678	\$19,839		
					2017			\$29,870	\$14,935		

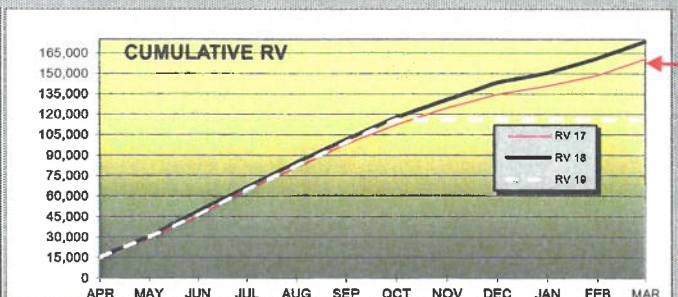
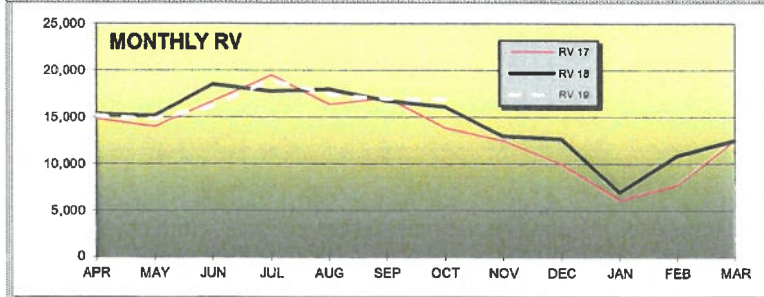
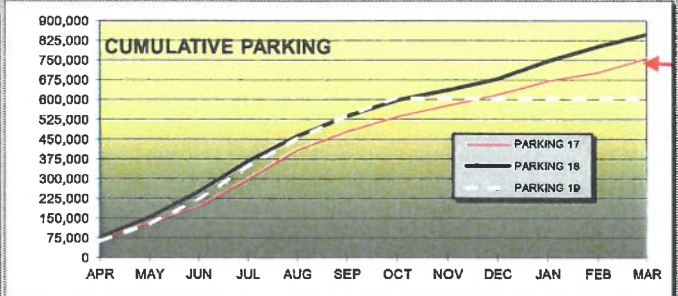
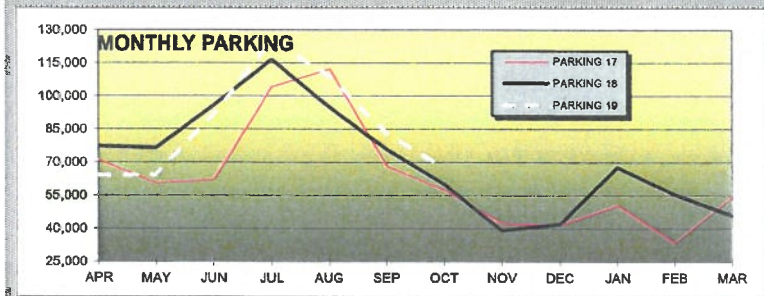
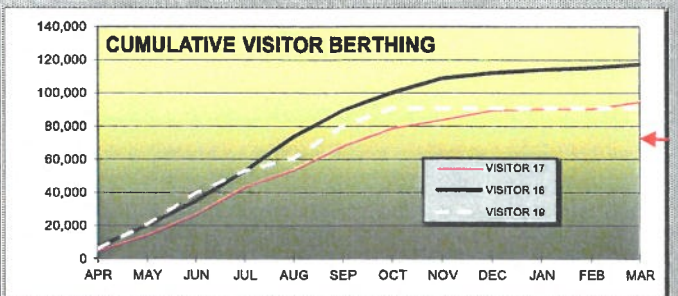
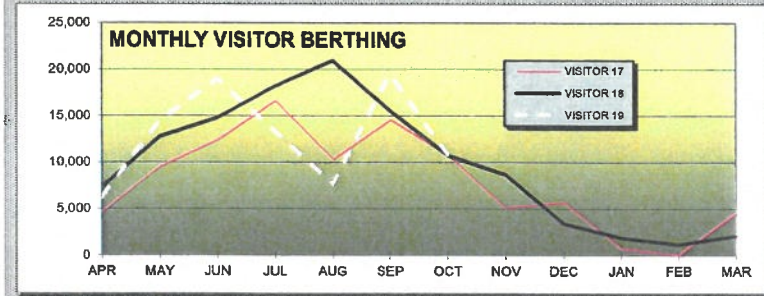
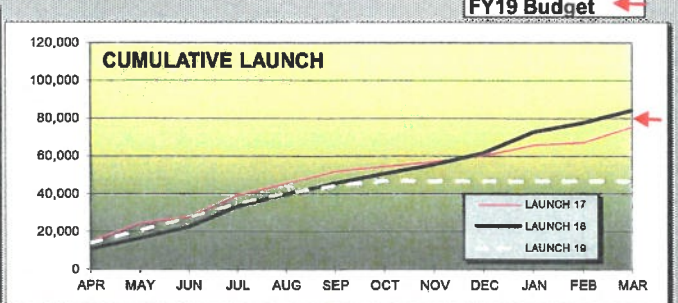
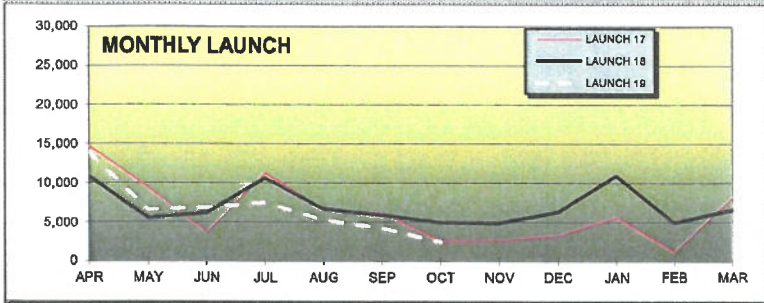
**DISCOUNTED SLIPS**

Programs receiving public benefit discounts,

Operator	Pak Rating	Slips Originating From:		Revenue Calculation:		Discounts:			Adjusted Revenue (After Discounts):		Comments:
		Commission	Waiting List	Annual Slip Rent	Annual Base Rent	Public Benefit	Other	Annual Slip Rent	Annual Base Rent		
UCSC	N/A	4		15,655	20,485	50%	0	15,655	10,242		50% discount applied to "Annual Base Rent" only, not slips.
O'Neill Sea Odyssey	49	1		4,884		100%	0	0	0		Assigned slip is F-1.
Sea Scouts	N/A	1		10,274		100%	0	0			Annual slip rent revenue is estimated NH Wide 45' rate @ 60'
					2018	\$25,401	\$0	\$15,655	\$10,242		
					2017	\$25,214	\$0	\$15,349	\$9,954		

# SEASONAL INCOME

FY19 Budget ←







**TO:** Port District Commission  
**FROM:** Latisha Marshall, Harbormaster  
**DATE:** November 5, 2018  
**SUBJECT:** Crime/Incident/Citation Report October 2018

***Crime Reports, Assists Outside Department and Incident Reports:***

- 10/02/18 Harbor Patrol arrested a subject for public intoxication in the area of 5<sup>th</sup> Avenue. The subject was transported to county jail without further incident.
- 10/05/18 Harbor Patrol generated an accident report after the patrol truck grazed a bollard in the concession parking lot. No injuries were reported. The patrol truck sustained damage to its rear door.
- 10/07/18 Harbor Patrol took an incident report after a subject tripped and fell in the area of U-Dock. Once on scene, Harbor Patrol worked with other first responders to treat the subject. The subject claimed that she fell due to ill-fitting shoes; however, it was confirmed that the subject had been drinking alcohol. The subject was transported to Dominican Hospital via ambulance for further treatment.
- 10/20/18 Harbor Patrol took an incident report after the concession parking lot gate arm collided with a catamaran (a vehicle was towing the catamaran through the concession parking lot). No damage was reported.
- 10/21/18 Harbor Patrol took an accident report after a bicyclist crashed on the Arana Gulch bicycle trail. Once on scene, Harbor Patrol worked with other first responders to treat the subject. The subject sustained injuries to his head and arms. The subject was transported to the hospital via helicopter for further treatment.
- 10/27/18 Harbor Patrol took an incident report after a child was injured at the volleyball courts on Harbor Beach. Once on scene, it was determined that approximately six children had been hanging on the volleyball net, and one of the wooden support beams snapped and struck one of the children in the head. The subject was treated on scene, and released to his parents.

***Search/Rescue/Recovery:***

- 10/09/18 Harbor Patrol responded to a report of a swimmer in distress in the area of East Cliff Drive and 33<sup>rd</sup> Avenue. After a thorough search of the area, no swimmer was located. Harbor Patrol returned to the harbor without further incident.
- 10/11/18 Harbor Patrol responded to a report of a body recovery in the area of Wilder Ranch State Park. Once on scene, Harbor Patrol discovered that a drifting wetsuit had been mistaken for a body. Harbor Patrol returned to the harbor without further incident.

- 10/13/18 Harbor Patrol responded to a report of a missing surfer in the area of East Cliff Drive and 39<sup>th</sup> Avenue. While searching the area, Harbor Patrol was notified that the Sheriff's Office successfully located the surfer safely on the beach. No injuries were reported.
- 10/14/18 Harbor Patrol responded to a report of a swimmer in distress in the area of East Cliff Drive and 36<sup>th</sup> Avenue. Prior to Harbor Patrol's arrival, the fire department cancelled the call.
- 10/19/18 Harbor Patrol responded to a report of a swimmer in distress in the area of Seascapes Beach. Prior to Harbor Patrol's arrival, the swimmer self-rescued. Harbor Patrol returned to the harbor without further incident.
- 10/24/18 Harbor Patrol responded to a report of a surfer in distress in the area of 38<sup>th</sup> Avenue. Prior to Harbor Patrol's arrival, the surfer self-rescued on nearby cliffs, and landside first responders rescued the subject. No injuries were reported.
- 10/26/18 Harbor Patrol responded to a report of a surfer in distress at The Hook. Prior to Harbor Patrol's arrival, the surfer self-rescued. Harbor Patrol returned to the harbor without further incident.
- 10/28/18 Harbor Patrol responded to a report of multiple swimmers in distress in the area of Opal Cliffs. Once on scene, Harbor Patrol worked with the fire department and rescue swimmers to assist the swimmers safely to shore. No injuries were reported.
- 10/30/18 Harbor Patrol responded to a report of a cliff rescue in the area of Panther Beach. Due to rough sea conditions, Harbor Patrol returned to the harbor, while landside first responders rescued the subject.

**October Parking Citations: 278**

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

November 1, 2018

Senator Bill Monning  
Santa Cruz District Office  
701 Ocean Street, Suite 318A  
Santa Cruz, CA 95060

**SUBJECT: Division of Boating and Waterways  
Boating Safety and Enforcement Equipment (BSEE) Grant Program**

Dear Senator Monning:

California ports and harbors have long relied on the Department of Boating and Waterways for grant funding and loan funding, as well as information and support on marine industry standards, boating safety and environmental compliance issues. As you are aware, the Department of Boating and Waterways is now a Division of California State Parks. In this transition, funding for a number of the programs administered by the Division of Boating and Waterways has suffered. On behalf of Santa Cruz Port District, I am writing to request that funding for the Division of Boating and Waterways, Boating Safety and Enforcement Equipment (BSEE), Grant Program be increased in 2019 and beyond.

Santa Cruz Port District is an independent special district government that administers Santa Cruz Harbor. Santa Cruz Harbor maintains a federal navigation channel and serves as a federal and state harbor of refuge. Santa Cruz Harbor supports a small but vibrant commercial fishery, and is home port for other commercial enterprises, including charter operations, marine contractors and a variety of marine educational programs, such as O'Neill Sea Odyssey. Santa Cruz Harbor's federal navigation channel provides access for boaters to the Monterey Bay and Monterey Bay National Marine Sanctuary, which helps promote eco-tourism in the California Central Coast region. Additionally, Santa Cruz Harbor supports a presence of the U.S. Coast Guard (USCG). USCG maintains Station Small Santa Cruz seasonally, through a mutual aid agreement. The Port District provides first response search and rescue when Station Santa Cruz is unmanned. The Port District's marine rescue unit responded to 336 search and rescue calls since 2015, operating a patrol boat that was acquired twenty years ago through a BSEE grant.

Santa Cruz Port District's revenue is primarily derived from user fees. The Port District has not received property tax funding since the early-1990's. All Port District tax revenue is now redistributed to the City and County of Santa Cruz (55% and 45%, respectively). In recognition of the importance of Santa Cruz Harbor's marine rescue program, the County provides approximately \$23,736, in annual support of this program (a reduction from previous years when annual reimbursement was approximately \$28,000).

Santa Cruz Port District's 20-year old patrol vessel, *Almar*, needs to be replaced. Over the past two years, Port District staff has submitted two BSEE grant applications to the Division of Boating and Waterways, requesting funding for a replacement vessel. Both applications were rejected, citing a lack of program funding. It is our understanding that the BSEE grant program had \$1.5 million in funding in 2018, and the Division of Boating and Waterways anticipates receiving even less funding in 2019. The cost of a fully equipped patrol vessel, suitable for the type of rescue operations the Santa Cruz Harbor Patrol performs in Monterey Bay, can exceed \$500,000. The current level of BSEE grant funding is clearly inadequate to meet the needs of California's boating law enforcement agencies.

We respectfully request your assistance in identifying additional state resources that will restore funding for the Division of Boating and Waterways' BSEE grant program to ensure that important boating law enforcement and marine search and rescue operations like Santa Cruz Harbor's can continue to be provided into the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Smith', written in a cursive style.

Dennis Smith, Chairman  
Santa Cruz Port District Commission

Santa Cruz Port District  
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Santa Cruz, CA 95062  
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www.santacruzharbor.org



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

November 1, 2018

John Laird, Secretary for Natural Resources  
State of California  
Natural Resources Agency  
1416 Ninth Street, Suite 1311  
Sacramento, CA 95814

**SUBJECT: Division of Boating and Waterways  
Boating Safety and Enforcement Equipment (BSEE) Grant Program**

Dear Secretary Laird:

On behalf of Santa Cruz Port District, I am writing to request that funding for the Division of Boating and Waterways, Boating Safety and Enforcement Equipment (BSEE), Grant Program be increased in 2019 and beyond.

Santa Cruz Port District is an independent special district government that administers Santa Cruz Harbor. Santa Cruz Harbor maintains a federal navigation channel and serves as a federal and state harbor of refuge. Santa Cruz Harbor supports a small but vibrant commercial fishery, and is home port for other commercial enterprises, including charter operations, marine contractors and a variety of marine educational programs, such as O'Neill Sea Odyssey. Santa Cruz Harbor's federal navigation channel provides access for boaters to the Monterey Bay and Monterey Bay National Marine Sanctuary, which helps promote eco-tourism in the California Central Coast region. Additionally, Santa Cruz Harbor supports a presence of the U.S. Coast Guard (USCG). USCG maintains Station Small Santa Cruz seasonally, through a mutual aid agreement. The Port District provides first response search and rescue when Station Santa Cruz is unmanned. The Port District's marine rescue unit responded to 336 search and rescue calls since 2015, operating a patrol boat that was acquired twenty years ago through a BSEE grant.

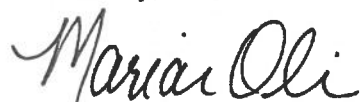
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Santa Cruz Port District's 20-year old patrol vessel, *Almar*, needs to be replaced. Over the past two years, Port District staff has submitted two BSEE grant applications to the Division of Boating and Waterways, requesting funding for a replacement vessel. Both applications were rejected, citing a lack of program funding. It is our understanding that the BSEE grant program had \$1.5 million in funding in 2018, and the Division of Boating and Waterways anticipates receiving even less funding

in 2019. The cost of a fully equipped patrol vessel, suitable for the type of rescue operations the Santa Cruz Harbor Patrol performs in Monterey Bay, can exceed \$500,000. The current level of BSEE grant funding is clearly inadequate to meet the needs of California's boating law enforcement agencies.

We urge the Natural Resources Agency to identify funding that will restore the Division of Boating and Waterways' BSEE grant program to ensure that important boating law enforcement and marine search and rescue operations like Santa Cruz Harbor's can continue to be provided into the future.

Sincerely,

A handwritten signature in black ink that reads "Marian Olin". The signature is written in a cursive, flowing style.

Marian Olin  
Port Director

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Darren Gertler

November 1, 2018

Jimmy Panetta, Member of Congress  
20<sup>th</sup> District of California  
Santa Cruz Office  
701 Ocean Street, Suite 318-C  
Santa Cruz, CA 95060

**SUBJECT: Division of Boating and Waterways  
Boating Safety and Enforcement Equipment (BSEE) Grant Program**

Dear Congressman Panetta:

California's ports and harbors have long relied on the State of California Department of Boating and Waterways for grant and loan funding, as well as information and support on marine industry standards, boating safety and environmental compliance issues. The Department of Boating and Waterways is now a Division of California State Parks. In this transition, funding for a number of the programs administered by the Division of Boating and Waterways has suffered. On behalf of Santa Cruz Port District, I am writing to request that funding for the Division of Boating and Waterways, Boating Safety and Enforcement Equipment (BSEE), Grant Program be increased in 2019 and beyond.

Santa Cruz Port District is an independent special district government that administers Santa Cruz Harbor. As you know, Santa Cruz Harbor maintains a federal navigation channel and serves as a federal and state harbor of refuge. Santa Cruz Harbor supports a small but vibrant commercial fishery, and is home port for other commercial enterprises, including charter operations, marine contractors and a variety of marine educational programs, such as O'Neill Sea Odyssey. Santa Cruz Harbor's federal navigation channel provides access for boaters to the Monterey Bay and Monterey Bay National Marine Sanctuary, which helps promote eco-tourism in the California Central Coast region. Additionally, Santa Cruz Harbor supports a presence of the U.S. Coast Guard (USCG). USCG maintains Station Small Santa Cruz seasonally, through a mutual aid agreement. The Port District provides first response search and rescue when Station Santa Cruz is unmanned. The Port District's marine rescue unit responded to 336 search and rescue calls since 2015, operating a patrol boat that was acquired twenty years ago through a BSEE grant.

Santa Cruz Port District's revenue is primarily derived from user fees. The Port District has not received property tax funding since the early-1990's. All Port District tax revenue is now redistributed to the City and County of Santa Cruz (55% and 45%, respectively). In recognition of the importance of Santa Cruz Harbor's marine rescue program, the County provides approximately \$23,736, in annual support of this program (a reduction from previous years when annual reimbursement was approximately \$28,000). As you are aware, the Port District also receives annual reimbursement for 35% of its operations and maintenance costs associated with dredging

the federal entrance channel from US Army Corps of Engineers' work plan funding. We appreciate the ongoing support you have provided which has helped to secure this important, annual reimbursement.

Santa Cruz Port District's 20-year old patrol vessel, *Almar*, needs to be replaced. Over the past two years, Port District staff has submitted two BSEE grant applications to the Division of Boating and Waterways, requesting funding for a replacement vessel. Both applications were rejected, citing a lack of program funding. It is our understanding that the BSEE grant program had \$1.5 million in funding in 2018, and the Division of Boating and Waterways anticipates receiving even less funding in 2019. The cost of a fully equipped patrol vessel, suitable for the type of rescue operations the Santa Cruz Harbor Patrol performs in Monterey Bay, can exceed \$500,000. The current level of BSEE grant funding is clearly inadequate to meet the needs of California's boating law enforcement agencies.

It is our understanding that funding for the BSEE grant program is provided to the Division of Boating and Waterways from the United States Coast Guard. We have reached out to Senator Bill Monning, Assemblymember Mark Stone and State Secretary for Natural Resources John Laird on this issue, and we respectfully request your assistance in identifying additional federal or state resources that will restore funding for the Division of Boating and Waterways' BSEE grant program to ensure that important boating law enforcement and marine search and rescue operations like Santa Cruz Harbor's can continue to be provided into the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Smith', written over a horizontal line.

Dennis Smith, Chairman  
Santa Cruz Port District Commission



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Dennis Smith  
Reed Geisreiter  
Stephen Reed  
Darren Gertler

November 1, 2018

Assemblymember Mark Stone  
Santa Cruz County District Office  
701 Ocean Street, Suite 318-B  
Santa Cruz, CA 95060

**SUBJECT: Division of Boating and Waterways  
Boating Safety and Enforcement Equipment (BSEE) Grant Program**

Dear Assemblymember Stone:

California ports and harbors have long relied on the Department of Boating and Waterways for grant funding and loan funding, as well as information and support on marine industry standards, boating safety and environmental compliance issues. As you are aware, the Department of Boating and Waterways is now a Division of California State Parks. In this transition, funding for a number of the programs administered by the Division of Boating and Waterways has suffered. On behalf of Santa Cruz Port District, I am writing to request that funding for the Division of Boating and Waterways, Boating Safety and Enforcement Equipment (BSEE), Grant Program be increased in 2019 and beyond.

Santa Cruz Port District is an independent special district government that administers Santa Cruz Harbor. Santa Cruz Harbor maintains a federal navigation channel and serves as a federal and state harbor of refuge. Santa Cruz Harbor supports a small but vibrant commercial fishery, and is home port for other commercial enterprises, including charter operations, marine contractors and a variety of marine educational programs, such as O'Neill Sea Odyssey. Santa Cruz Harbor's federal navigation channel provides access for boaters to the Monterey Bay and Monterey Bay National Marine Sanctuary, which helps promote eco-tourism in the California Central Coast region. Additionally, Santa Cruz Harbor supports a presence of the U.S. Coast Guard (USCG). USCG maintains Station Small Santa Cruz seasonally, through a mutual aid agreement. The Port District provides first response search and rescue when Station Santa Cruz is unmanned. The Port District's marine rescue unit responded to 336 search and rescue calls since 2015, operating a patrol boat that was acquired twenty years ago through a BSEE grant.

Santa Cruz Port District's revenue is primarily derived from user fees. The Port District has not received property tax funding since the early-1990's. All Port District tax revenue is now redistributed to the City and County of Santa Cruz (55% and 45%, respectively). In recognition of the importance of Santa Cruz Harbor's marine rescue program, the County provides approximately \$23,736, in annual support of this program (a reduction from previous years when annual reimbursement was approximately \$28,000).

Santa Cruz Port District's 20-year old patrol vessel, *Almar*, needs to be replaced. Over the past two years, Port District staff has submitted two BSEE grant applications to the Division of Boating and Waterways, requesting funding for a replacement vessel. Both applications were rejected, citing a lack of program funding. It is our understanding that the BSEE grant program had \$1.5 million in funding in 2018, and the Division of Boating and Waterways anticipates receiving even less funding in 2019. The cost of a fully equipped patrol vessel, suitable for the type of rescue operations the Santa Cruz Harbor Patrol performs in Monterey Bay, can exceed \$500,000. The current level of BSEE grant funding is clearly inadequate to meet the needs of California's boating law enforcement agencies.

We respectfully request your assistance in identifying additional state resources that will restore funding for the Division of Boating and Waterways' BSEE grant program to ensure that important boating law enforcement and marine search and rescue operations like Santa Cruz Harbor's can continue to be provided into the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dennis Smith', with a stylized flourish at the end.

Dennis Smith, Chairman  
Santa Cruz Port District Commission

# Port Commission Review Calendar 2018-19

## 2018

### January-March

- ✓ Committee assignments for 2018
- ✓ Sea Scouts' bi-annual report
- ✓ Slip vacancy bi-annual report / waiting list statistics
- ✓ FY 19 Budget
- ✓ Review 5-year CIP
- ✓ Ethics Training Update
- ✓ Form 700 Filing (due by 03/31 each year)

### April-June

- ✓ Intero lease exp. 5/31/18 (no option)
- ✓ Dredge Report 2017-18
- ✓ 2017 Vessel Use List Review

### July-September

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

### October-December

- Annual review of business use of slips
- Ethics training (Dec 2018)
- Port Commission officers for 2019
- \_\_\_ Update on Murray Street Bridge Project
- ✓ Biennial Update to Conflict of Interest Code

### Committee Review Items (timeline not specified)

- Development of a draft investment policy (Business-Finance Committee)

## 2019

### January-March

- \_\_\_ Committee assignments for 2019
- \_\_\_ Sea Scouts' bi-annual report
- \_\_\_ Slip vacancy bi-annual report / waiting list statistics
- \_\_\_ FY 20 Budget
- \_\_\_ Review 5-year CIP
- \_\_\_ Ethics Training Update
- \_\_\_ Form 700 Filing (due by 03/31 each year)
- \_\_\_ Bi-annual Anti-Harassment/Anti-Discrimination Training

### April-June

- \_\_\_ Dredge Report 2018-19
- \_\_\_ Vessel Use List Review

### July-September

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

### October-December

- \_\_\_ Annual review of business use of slips
- \_\_\_ Port Commission officers for 2020
- \_\_\_ Nexus Wealth Advisors lease exp. 11/30/19 (2) 3 year options
- \_\_\_ Bayside Marine lease exp. 01/31/20 (1) 2 year options

### Future Calendar

- ABC End-Tie review after Murray Street Bridge Retrofit
- March 2020 Marc Kraft PY&S sublease extension (2 years)

Updated 11/14/18  
Progress/CommissionReviewCalendar-2018.doc

#### **Key**

- \_\_\_ Pending
- In process
- ✓ Done