



Regular Public Session of April 23, 2019

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

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

Discussion: Commissioner Goddard stated that he attended a Surf City Kiwanis Club meeting and gave a presentation on harbor-related matters to its members.

Chairman Smith stated that he attended the Santa Cruz Commercial Fishermen's Association meeting and noted that the local commercial fleet is disappointed with Monterey Bay Fisheries Trust, as they believe their efforts are geared to larger fisheries. He stated that the Port District should continue its efforts to support the local commercial fishing fleet.

CONSENT AGENDA

3. Approval of Minutes
 - a) Special Public Session of March 26, 2019
4. Approval of Month-to-Month Rental Agreement at Santa Cruz Harbor Boatyard (Homer Lighthall Jr.)
5. Approval of O'Neill Sea Odyssey Sublease Agreement
6. Approval of Resolution 19-03 Approving an Amended, Consolidated Salary Schedule for Unrepresented Employees

Discussion: Chairman Smith suggested that a lease addendum be drafted for item 4, Rental Agreement for Homer Lighthall Jr., rather than executing a new lease

agreement. There was consensus among the Commission to simplify the paperwork and incorporate the proposed terms of the lease agreement into a lease addendum.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Gertler to approve the consent agenda, with the suggested revision to item 4.
- *Motion carried unanimously.*

REGULAR AGENDA

7. Presentation by Ben Harris, Monterey Bay Salmon and Trout Project

Discussion: Executive Director of the Monterey Bay Salmon and Trout Project (MBSTP), Ben Harris, presented an overview of the MBSTP program and mission. He stated that the main focus of MBSTP is to restore salmon and trout populations in the Monterey Bay. Mr. Harris discussed plans for the upcoming barge-release of 120,000 smolt from Santa Cruz Harbor on Tuesday, May 21, 2019.

8. Approval of Electronic Key Access for Outside Marine Service Providers

Discussion: Harbormaster Marshall summarized information in the staff report and recommended approval.

In response to a question posed by Vice-chairman Reed, Harbormaster Marshall stated that outside marine service providers needing temporary / day use access to the facilities will be provided an electronic key fob that will deactivate after a short duration (at end of day). She stated that some form of collateral will be required to obtain day use access (driver's license, credit card, keys, etc.)

Vice-chairman Reed expressed support for encouraging all outside marine service providers to comply with best management practices while performing work in the harbor. He suggested that this language be incorporated into the short-form user agreement required from each provider.

Commissioner Goddard expressed support for providing access to outside marine service providers.

MOTION: Motion made by Commissioner Goddard, seconded by Vice-chairman Reed, to adopt the recommendations of the Policy and Operations Committee regarding dock, restroom, and shower access for outside marine service providers.
- *Motion carried unanimously.*

9. Award of Contract for Pile Repair and Replacement Project 2019 – Phase 2 (NTE \$1,550,000)

Port Director Olin explained that the Pile Replacement Project is being completed in phases. 70 piles were replaced in 2018 as part of Phase 1. The purpose of tonight's item is to award the contract for phase 2 to Bellingham Marine, which will replace 80 piles during the June 15 to November 30, 2019 work window.

Port Director Olin provided a detailed report on the piles permitted for replacement, and piles replaced or proposed for replacement in the first two phases of work. She provided a detailed report on project funding and expenditures from project inception, and distributed a handout summarizing the permits and project funding.

Port Director Olin stated that a request for proposals (RFP) for Phase 2 of the Pile Repair and Replacement Project was advertised, commencing March 18, 2019. She stated that one bid was received for the project from Bellingham Marine Industries, Inc., in the amount of \$1,408,781.

Port Director Olin stated that \$1,587,000 is currently available in the Capital Improvement Program for the Pile Replacement project.

Facilities Maintenance and Engineering Manager (FME) Kerkes recapped the project as follows:

- 14" steel piles with a high-density polyethylene (HDPE) sleeve will be used, which differs from Phase 1 construction, which incorporated concrete piles.
- The per pile cost for Phase 2 of construction is higher than Phase 1, at \$17,610 / pile.
- Because the steel piles are lighter than concrete, it will enable the contractor to use a smaller barge for installation, which should minimize the number of dock fingers that need to be removed and facilitate construction.
- Material is readily available.
- A mix of pile guides (wraps and rollers) will be utilized. Corroded "hoop" pile guides will be replaced.

In response to a question posed by Commission Goddard, FME Kerkes confirmed that Bellingham Marine will be responsible for coordinating a vessel relocation plan with staff. One staff member will be dedicated to ensuring the vessel relocation is properly executed.

MOTION: Motion made by Commissioner Goddard, seconded by Vice-chairman Reed to authorize the Port Director to execute the contract documents with Bellingham Marine Industries, Inc.; and authorize a not-to-exceed amount of \$1,550,000 for construction from the Capital improvement Project fund for the amount of the contract, plus a 10% contingency.
- *Motion carried unanimously.*

10. Award of Contract for Aldo's Seawall Replacement Project (NTE \$2,193,980)

Discussion: Port Director Olin stated that Aldo's Restaurant has been operating at its temporary location on Mariner Park Lawn for almost three years due to the accelerated failure and pending reconstruction of the supporting seawall under the restaurant building.

Port Director Olin stated that a request for proposal (RFP) for the Aldo's Seawall Replacement Project was advertised, commencing February 28, 2019. She stated that three bids were received, two of which were competitive. The low bidder for the project was Granite Construction Company, with a bid of \$1,994,480.

Port Director Olin provided an update on pending project permits, noting that the Army Corps of Engineers will not issue their permit until the legally required advertising period for the Incidental Harassment Authorization has concluded. She stated that if the contract is awarded at tonight's meeting, a limited Notice to Proceed will be issued to ensure the Contractor has ample time to order and receive materials needed for the project.

Port Director Olin outlined the project funding needs, and recommended that the Commission authorize a transfer of \$302,000 from the Unallocated Capital Improvement Fund (CIP) to the Seawall Replacement Project, to bring total available project funding to \$2,452,206.

Commission Goddard expressed support for the project and commented that if the award of contract is approved, then the original contractor who built the harbor, Granite Construction, will be rebuilding it.

MOTION: Motion made by Commissioner Gertler, seconded by Commissioner Goddard to authorize the Port Director to execute the contract documents with Granite Construction Company; authorize a not-to-exceed amount of \$2,193,980 for the construction budget including a 10% contingency; authorize a \$302,000 transfer from the Unallocated Capital Improvement Fund (F099) to the Seawall Replacement Fund (F027) to fund total project construction cost of \$2,452,206.
- *Motion carried unanimously.*

11. Award of Contract for Pavement Repairs (NTE \$33,850)

Discussion: Facilities Maintenance and Engineering Manager (FME) Kerkes recommended award of the contract for pavement repairs, stating that maintenance crews have identified areas in the north west and south west harbor in need of repaving.

FME Kerkes stated that one bid was received for this project from Watsonville Grading and Excavation Inc.

Commissioner Goddard expressed support for pursuing this repaving project.

MOTION:

Motion made by Commissioner Goddard, seconded by Chairman Smith to award a contract to Watsonville Grading and Excavation Inc., for paving repairs on the harbor's west side parking areas and service road; authorize the Port Director to execute the contract; and authorize a not-to-exceed amount of \$33,850.

- *Motion carried unanimously.*

12. Consideration of Application for Additional 6-Pak Charter Operation (Pacific Yachting & Sailing)

Discussion: Port Director Olin stated that a correction to the premise map on page 56 should be made to show that the slips assigned to PYS (FF 13, 14, 16, and 17) are actually located in the bays directly to the east (north east side of FF Dock). A corrected premise map was distributed to the Commission and made available to the audience.

Harbormaster Marshall summarized information in the staff report and recommended approval, which will allow PYS to berth two boats in a single slip.

Vice-chairman Reed asked if PYS will be billed for the combined length of the two boats (44') or the slip size (40'). Port Director Olin confirmed that PYS will pay for 44' rather than the 40' slip length.

Operations Director for PYS, Breanna Stremple, thanked the Commission for their consideration and stated that there has been an increase in the demand for basic sailing classes conducted on small tiller vessels.

Commission Goddard and Chairman Smith expressed their support for the PYS application for a new 6-pak charter operation as it supports the Port District's mission to provide a full array of boating and sailing opportunities to the public.

In response to a question posed by Commissioner Goddard, Port Director Olin confirmed that the slip allocation outlined in lease agreement between the Port District and Chardonnay Sailing Charters LLC, dba Pacific Yachting and Sailing remains unchanged. She stated that approval of the proposed charter application does not require a lease amendment.

[Following the meeting, the correct name for the business entity receiving the charter permit was confirmed to be *Chardonnay Sailing Charters LLC, dba Pacific Yachting & Sailing.*]

Audience member, Bill Lee, expressed support for the PYS charter application.

MOTION: Motion made by Vice-chairman Reed, seconded by Chairman Smith to approve the application for additional 6-pak charter operation and berthing arrangement for Pacific Yachting and Sailing.
- *Motion carried unanimously.*

13. Approval of FY20 Fee Schedule

Discussion: Port Director Olin presented the FY20 fee schedule for review. She highlighted the following:

- Increase to staff hourly rates commensurate with 2019 salaries, including an administrative mark-up.
- Increase to Meter Parking Pass for Slip Renters (\$5 to \$6).
- Update to Partnership and Sublease fees to reflect current policy.
- Incorporation of fees for new electronic key fobs
- Correction to page 62 – Daily Launch Permit – Disabled. Fee remains at \$10 (inadvertently redlined on the proposed fee schedule)

In response to a suggestion from Commissioner Goddard, staff noted that the fee schedule will be formatted to show that a 2-hour minimum is in place for staff services, and a 1-hour minimum is in place for all vehicles.

MOTION: Motion made by Vice-chairman Reed, seconded by Commissioner Goddard to approve FY20 fee schedule and authorize the Port Director to waive or adjust fees as deemed appropriate.
- *Motion carried unanimously.*

14. Approval of Cash / Payroll Disbursements – March 2019

Discussion: Commissioner Goddard requested a status update for warrant 51428 – *Twin Lakes Snorkel* (progress payment). FME Kerkes confirmed that the new snorkel is complete and waiting to be installed in the off-season.

MOTION: Motion made by Commissioner Goddard, seconded by Vice-chairman Reed to approve cash/payroll disbursements for March 2019, in the amount of \$731,473.16.
- *Motion carried unanimously.*

INFORMATION

15. Port Director's Report

Follow up with Carols Palacios, CAO and Christina Mowrey, CBM

Port Director Olin stated that a letter to the CAO's office was sent today acknowledging the County's commitment to increase the annual contribution to the District's search and rescue program to \$50,000 / year. She stated that the letter also requested allocation of any unused FY19 proceeds towards a one-time contribution for acquisition of a new patrol vessel.

Dredge Season Extension

Port Director Olin stated that staff has requested a dredge extension through May 31, 2019. It is likely the request will be authorized through May 24, 2019, due to Coastal Commission permit requirements.

Parker Dive

Port Director Olin updated the Commission on the underwater hazards that exist off of Harbor Beach. She stated that Parker Dive was able to salvage the diamond buoy and anchor from the nearshore area, which required six tons of lift and a water jet to uncover.

The 10" polyethylene pipeline was not recovered. It is estimated to be over 40' long and will be salvaged after the dredge season concludes. If harbor crews are unable to retrieve the pipeline, Parker Dive may need to complete the job. The initial quote for the buoy and pipeline recovery was \$9,811, though the final cost increased to \$13,000 due to additional equipment needs and multiple attempts.

PG&E

Port Director Olin stated that a claim for \$25,000 in unpaid temporary construction easement money has been filed with PG&E. She stated that as a result of PG&E's bankruptcy filing, submitting a claim is the only recourse for attempting to receive payment.

Dredge Training

Port Director Olin stated that Ancil Taylor was onsite during the week of April 15, 2019, to assist the dredge crew with training in safety and production. The crew has begun cross training on *Twin Lakes* and will continue to do so throughout the remainder of the season.

Pappy Display

Port Director Olin informed the Commission that engineer Jeff Martin has reported that he will submit conceptual design drawings for the Pappy display cradle in the next couple of days.

Dan Haifley Retirement

Port Director Olin stated she attended a retirement celebration for Dan Haifley, former Executive Director of Team O'Neill, at the Cocoanut Grove on April 11, 2019. Port Director Olin spoke on behalf of the Port District at the event, acknowledging Dan Haifley and his achievements.

DBAW Boating Safety and Enforcement Grant

Port Director Olin stated that Assistant Harbormaster Blake Anderson has prepared a \$90,000 DBAW grant application to assist in acquisition of a new patrol vessel. The typical grant award ranges around \$80,000. If awarded, the item will be presented to the Commission for consideration and approval at a future meeting.

16. Harbormaster's Report

Harbormaster Marshall clarified the commercial salmon season dates as May 1-31, June 4-30, and July 11-31.

In response to a question posed by Chairman Smith regarding firearm and less lethal launcher quarterly training, Harbormaster Marshall described the less lethal launcher as having a large non-lethal bullet.

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

In response to a question posed by Vice-chairman Reed, FME Kerkes reviewed the dredge operations plan for the remaining weeks of the season.

18. Financial Reports

- a) Comparative Seasonal Revenue Graphs
- b) Preliminary Budget Report as of March 31, 2019
- c) Quarterly Boatyard Report
- d) Quarterly Fuel Dock Report
- e) Employee Count as of March 31, 2019

Accounting Technician Mark Eldridge reviewed the preliminary year-end budget report and noted that several year-end adjustments have yet to occur. He stated that the FY19 net income projection is currently estimated to be approximately \$1.2 million.

The Commission expressed appreciation to staff for providing the preliminary year-end budget report in advance of the annual audit.

19. Review of Delinquent Accounts (*There was no discussion on this agenda item*)

20. Crime/Incident/Citation Report – March 2019 *(There was no discussion on this agenda item)*
21. Written Correspondence *(There was no discussion on this agenda item)*
 - a) Letter from Harbormaster Marshall, to J. Gotti, Coast Guard Monterey
 - b) Letter from Congressman Panetta, U.S. House of Representatives, to Chairman Smith
22. Port Commission Review Calendar / Follow-Up Items *(There was no discussion on this agenda item)*

Chairman Smith adjourned the regular public session at 8:40 PM

Dennis Smith, Chairman

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PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Stephen Reed
Darren Gertler
Neli Cardoso

TO: Port Commission
FROM: Holland MacLaurie, Administrative Services Manager
DATE: May 2, 2019
SUBJECT: Approval of Sublease Agreements – 2222 E. Cliff Drive, Suite 234
(Tenant: Surfrider Foundation)

Recommendation: *Approve O'Neill Sea Odyssey sublease agreement.*

BACKGROUND

Surfrider Foundation currently subleases Suite 234 at 2222 East Cliff Drive. The tenant seeks to extend the lease term through July 31, 2020.

ANALYSIS

The terms of the lease agreement are below:

Suite 234

Tenant: Surfrider Foundation
Term: August 1, 2019 – July 31, 2020
Rent: \$1,117 / month (\$2.59 SF)
Area: 432 SF
Use: Office – Office Space
Insurance: \$1 million, with Santa Cruz Port District named as additional insured

IMPACT ON PORT DISTRICT RESOURCES

Tenant rent is increasing by \$37 per month. The Port District receives approximately 16% of OSO's sublet revenue.

ATTACHMENTS: A – Lease for Suite 234
B – List of OSO subleases

THIRTEENTH AMENDMENT TO LEASE

This Thirteenth Amendment to Lease ("Thirteenth Amendment"), dated for reference purposes only as April 4, 2019, is made by and between O'Neill Sea Odyssey, a California nonprofit corporation ("Landlord") and Surfrider Foundation, a California nonprofit corporation. ("Tenant").

RECITALS

A. Landlord and Tenant entered into that certain Lease dated April 15, 2004 ("Lease"), for certain Premises consisting of 432± square feet and commonly known as 2222 East Cliff Drive, Suite 234, Santa Cruz, California ("Premises"). The parties thereafter entered into a First Amendment of Lease dated April 30, 2007 ("First Amendment") a Second Amendment to Lease dated June 27, 2008 ("Second Amendment") a Third Amendment dated June 2, 2009 ("Third Amendment") a Fourth Amendment dated June 2, 2010 ("Fourth Amendment"), a Fifth Amendment ("Fifth Amendment") dated June 15, 2011 a Sixth Amendment ("Sixth Amendment") dated April 26, 2012, a Seventh Amendment ("Seventh Amendment") dated May 31, 2013, an Eight Amendment ("Eighth Amendment") dated April 3, 2014, a Ninth Amendment ("Ninth Amendment") dated March 30, 2015, Tenth Amendment ("Tenth Amendment") dated April 18, 2016, Eleventh Amendment ("Eleventh Amendment") on April 18, 2017, and a Twelfth Amendment ("Twelfth Amendment") on March 7, 2018.

B. The parties wish to further amend the Lease as set forth in this Thirteenth Amendment.

C. The capitalized terms used and not otherwise defined herein shall have the same meanings and definitions as set forth in the Lease.

AMENDMENT PROVISIONS

1. **Term.** The Lease Term for the Premises shall be modified to continue in force from August 1, 2019, until it expires on July 31, 2020 ("New Term").

2. **Base Rent.**

<u>Months</u>	<u>Rental Rate/SF/MO/NNN</u>
New Term	\$2.587/sq. ft. = \$1,117/mo.

3. **General:**

3.1 **Effect of Amendment; Ratification.** Except as otherwise modified by this Thirteenth Amendment, the Lease shall remain unmodified and in full force and effect. In the event of any conflict or inconsistency between the terms and conditions of the Lease and the terms and conditions of this Thirteenth Amendment, the terms and conditions of this Thirteenth Amendment shall prevail.

3.2 **Attorney's Fees.** The provisions of the Lease respecting payment of attorney's fees shall also apply to this Twelfth Amendment.

3.3 **Counterparts.** If this Thirteenth Amendment is executed in counterparts, each counterpart shall be deemed an original.

3.4 **Authority to Execute Amendment.** Each individual executing this Thirteenth Amendment on behalf of a partnership or corporation represents that he or she is duly authorized to execute and deliver this Thirteenth Amendment on behalf of the partnership and/or corporation and that this Thirteenth Amendment is binding upon the corporation or partnership in accordance with its terms.

3.5 Governing Laws. This Thirteenth Amendment and any enforcement of the agreements and modifications set forth above shall be governed by and construed in accordance with the laws of the State of California.

4. Tenant Improvements: Landlord shall not be required to provide any Tenant Improvements to the Premises during the New Term or any subsequent Extension Terms.

IN WITNESS WHEREOF, the parties hereto have executed this Thirteenth Amendment as of the date and year first above written.

LANDLORD:
O'Neill Sea Odyssey,
a California nonprofit corporation

By:



DATED: April 4, 2019

Rachel Kippen
Its: Executive Director

TENANT:
Surfrider Foundation,
a California nonprofit corporation

By:



Its:

CDO

DATED: 4/24, 2019

SANTA CRUZ PORT DISTRICT

By:

DATED: _____, 2019

Its:

OSO 2222 East Cliff Drive Leases as of 7/16/2018

From 2019 on, do shorter terms - we lose Suites 200, 204, 208, 212, 216 and 220 on December 31, 2028

Space	Tenant	Term	Expires	Amt/Sq ft	Sq. feet	Total	Renewal Status
200	State Farm - Chris Buich	5 yrs (1)	7/31/2020	\$4.13	616	\$2,550.00	Renewed
204	Laurel Andres, MFCC	3 yrs	7/31/2019	\$3.80	210	\$798.00	Renewed
208	Dr. Donald Markle	1.5 yr	12/31/2019	\$4.53	165	\$747.45	Renewed
212	Public Consulting Group	2 yr	12/1/2020	\$4.24	270	\$1,144.80	Renewed
216	Mary Morgan	5 Year (2)	3/31/2023	\$4.88	478	\$2,332.25	Renewed
220	Estriatus Law	2 yrs	3/14/2020	\$4.32	337	\$1,454.60	Renewed
234	Surfrider Foundation	1 yr	7/31/2019	\$2.50	432	\$1,080.00	Renewed
222	O'Neill Sea Odyssey	25 years	12/31/2028	\$0.00	1207	\$0.00	25 Years
TOTAL MONTHLY					3715	\$10,107.10	
TOTAL ANNUAL						\$121,285.20	

(1) Year 1: \$2,350/mo Year 2: \$2,450/mo; Year 3: \$2,550/mo, Year 4: \$2,650/mo and Year 5: \$2,750/mo.

(2) Suite numbers for 212 and 216 were switched on 6/11/2009 with approval from Harbor and City of SC

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PORT COMMISSIONERS:
Toby Goddard
Dennis Smith
Stephen Reed
Darren Gertler
Neli Cardoso

TO: Port Commission
FROM: Holland MacLaurie, Administrative Services Manager
DATE: April 22, 2019
SUBJECT: Acceptance of AB 691 Sea Level Rise Assessment Report

Recommendation: Accept the Sea Level Rise Assessment Report

BACKGROUND

Assembly Bill 691 was signed into legislature on October 3, 2013. The bill requires trustees of legislatively granted Public Trust Lands in the State of California to prepare and submit an assessment report to assist in proactively planning for sea level rise impacts.

In 1968, the State of California granted the Santa Cruz Port District sovereign tidelands and submerged lands within the north Santa Cruz Harbor to hold in trust for the establishment, improvement and conduct of a harbor, marina, and associated facilities. The State's records do not reflect that tidelands and submerged lands within the south Santa Cruz Harbor are granted lands, therefore, the Sea Level Rise Assessment report focuses only on the north harbor.

The assessment report is due to the California State Lands Commission by July 1, 2019.

ANALYSIS

The Port District retained the services of the civil engineering firm, Moffat and Nichol, to assist in the development of the Sea Level Rise Assessment Report. Moffat and Nichol has performed similar Sea Level Rise Assessment reports for other agencies and is proficient in fulfilling the requirements outlined by the State Lands Commission.

IMPACT ON PORT DISTRICT RESOURCES

There is no cost to the Port District associated with accepting the Sea Level Rise Assessment Report.

ATTACHMENTS: A. Draft Sea Level Rise Assessment Report

**AB 691 Sea-Level Rise Assessment
Santa Cruz Port District Tide and Submerged Lands 1968
Grant Santa Cruz Harbor**

DRAFT REPORT - April 2019

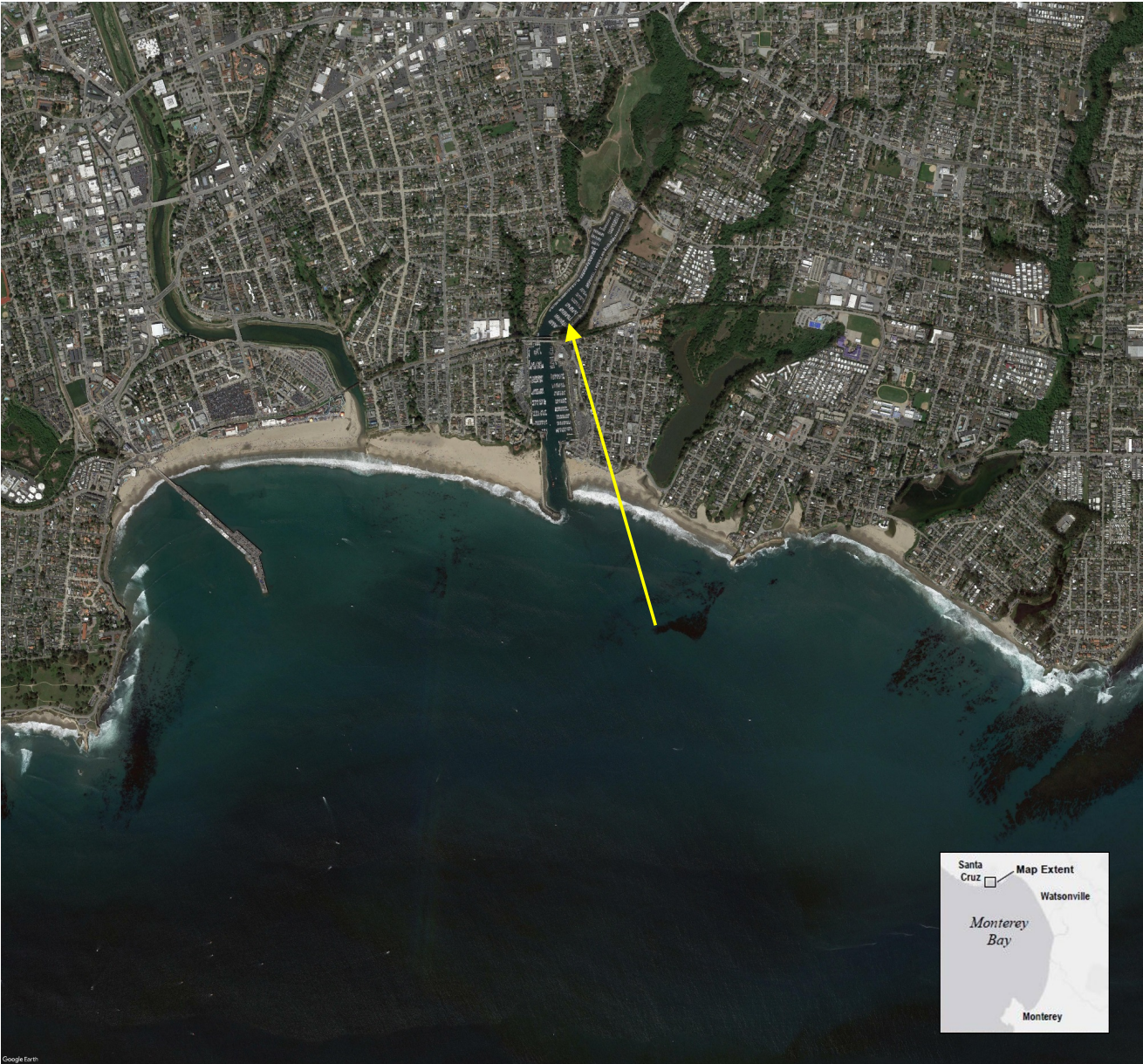


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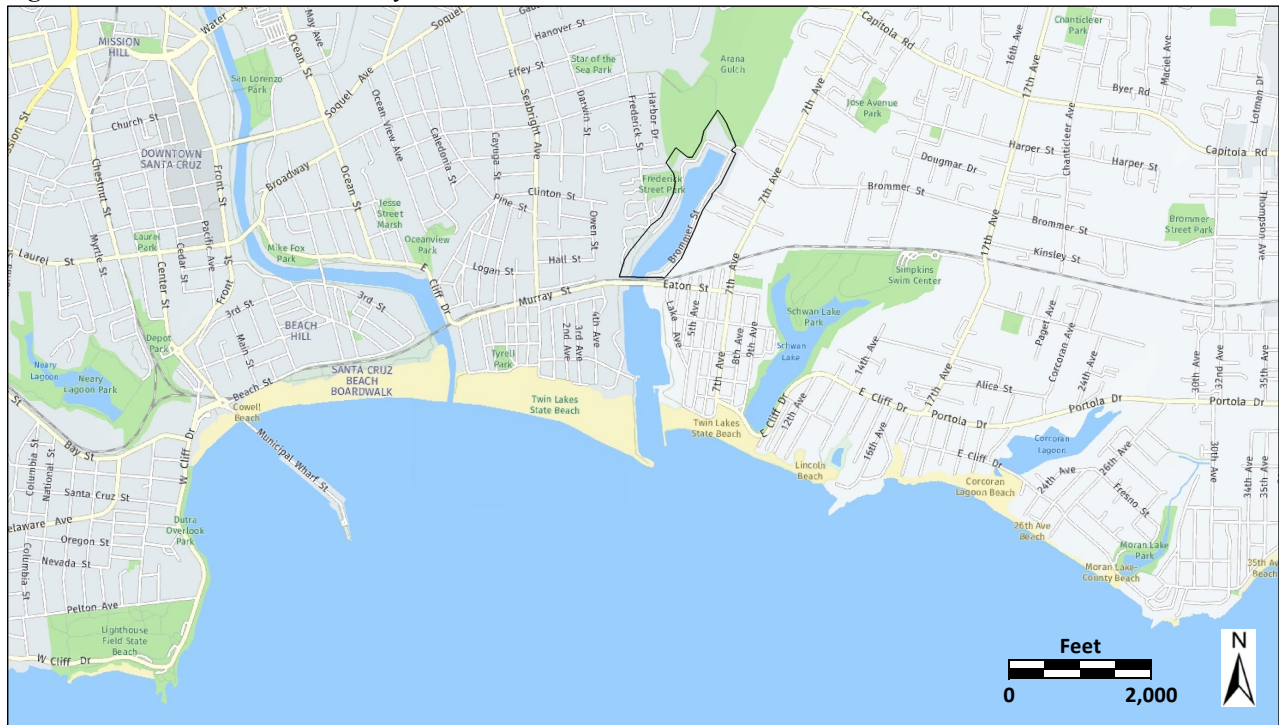
AB 691 Sea-Level Rise Assessment Santa Cruz Port District Tide and Submerged Lands 1968 Grant Santa Cruz Harbor

(Submitted April 2019)

State Grant Tide and Submerged Lands Description

In 1968, the State of California granted the Santa Cruz Port District (SCPD) sovereign tidelands and submerged lands within the north Santa Cruz Harbor¹ to hold in trust for the establishment, improvement and conduct of a harbor, marina, and associated facilities. The total area of the State Grant Area is approximately 37 acres of which 16 acres are seabed (submerged) areas. Figure 1 depicts the boundaries of this area which was granted pursuant to Chapter 818, Statutes of 1968, minerals reserved to the State.

Figure 1: State Grant Area Boundary



The Santa Cruz Harbor provides permanent moorage for approximately 1,200 wet-berthed and 275 dry-stored vessels and provides both residents and visitors access to the waters and shoreline of Monterey Bay. The harbor area supports a wide range of landside and waterside

¹ On tidal waterways, the State’s sovereign fee ownership extends landward to the mean high tide line, except for areas of fill or artificial accretion or where the boundary has been fixed by agreement or court decision. At this time, the California State Lands Commission does not have sufficient information to determine whether the south Santa Cruz Harbor intrudes upon state sovereign lands. The south Santa Cruz Harbor area has not been determined to be legislatively granted public tidelands and therefore is not included in this report.

businesses, marine surf and rescue operations, and provides a wealth of recreational and commercial boating opportunities. On an annual basis, the harbor hosts numerous events and activities both on land and on the water for the enjoyment of the public. Events and activities include fish derbies, seasonal sailboat races, school excursions and outdoor classroom activities, photo shoots, weddings, beach barbecues and special events, and volleyball tournaments.

Figure 2 provides an overview of the layout of docks and facilities at the north harbor. Access to the north harbor is via Brommer Street. Docks are outlined in white and labeled G, H, I, J, and U, V, W, X. Parking around the harbor is indicated in gray, restroom locations indicated with ®.

Figure 2: North harbor map.



1. Assessment of Impacts of Sea-Level Rise (SLR)

Assessing the impacts of Sea-Level Rise (SLR) for legislatively granted Public Trust lands in the State of California is a management priority for local trustees. In 2013, the California legislature passed Assembly Bill 691, Chapter 592, Statutes of 2013 to address assessment criteria for SLR in the state of California. This assembly bill requires trustees to prepare and submit an assessment of how they propose to address SLR to the California State Lands Commission (CSLC).

The Santa Cruz Port District (SCPD) has conducted the current work to assess potential impacts of sea-level rise (SLR) for the areas granted to the District. The scope of the assessment includes the following elements:

- An impact assessment aimed at identifying resources and facilities potentially vulnerable to SLR, assess storms and extreme events, shoreline retreat, trends in local sea level, and potential impacts to public access, recreation, coastal habitats, and navigability.
- Flood hazard mapping, which includes development of flood hazard maps for SLR scenarios for the years 2030, 2060, and 2100.
- Adaptation measures and mitigation strategies for the prioritized resources and facilities. The vulnerabilities, estimated time frames for implementation of adaptive measures, and recommended plans to monitor impacts of SLR are also considered.
- SLR impact cost analysis based on proposed adaptation and mitigation measures with consideration to replacement and repair costs, non-market values, and anticipated costs for adaptation and mitigation measures.

This study utilizes the most recent SLR guidance for California provided in *OPC (2018)*. Flood hazard mapping was developed using the web based *NOAA Sea Level Rise and Coastal Flooding Impact Viewer* combined with GIS mapping to align with the City of Santa Cruz climate change adaptation planning, *CSC (2017, 2018)*, and the underlying City Climate Change Vulnerability Assessment, *Griggs et al (2011)*. The widely used USGS *Our Coast Our Future (OCOF)* online mapping tool was not utilized as the coverage area of the Coastal Storm Surge Modeling System (CoSMoS) currently does not include Monterey Bay.

Sea-level rise scenarios for years 2030, 2060, and 2100 were adopted to be consistent with past studies and ongoing City of Santa Cruz climate change adaptation planning, *CSC (2018)*.

Executive Summary

2030 Planning Horizon (or 0.8 feet of SLR, Medium – High Risk Aversion). For the 2030 planning horizon, cumulative risks of coastal climate change affecting the Santa Cruz Port District are projected to be relatively insignificant. In summary:

- The north harbor area is generally not impacted by king tides, but the highest tides will come up near the edge of the west side parking lot (G-Dock area).
- A 100-year storm could raise the water level to the point where a limited portion of the northwest parking lot (H&I Dock area) and the north parking lot (J-Dock area) could be affected by flooding in localized areas along the harbor edge.

- Remaining areas of the north harbor would not be impacted.

2060 Planning Horizon (or 2.6 feet of SLR, Medium – High Risk Aversion). For the 2060 planning horizon, cumulative risks of coastal climate change affecting the Santa Cruz Port District are projected to be moderate. In summary:

- King tides will flood parking spaces along the edge of the northwest (H&I Dock area) and north (J-Dock area) parking lots. The RV Park spaces, east side parking lot (X-Dock area) and roadway along the west side of the harbor will not be impacted by king tides.
- Potential for impacts to infrastructure along edge of harbor basin, including transformer boxes, electrical conduits, outlets, light fixtures, buildings and landscaping.
- A 100-year storm would cause flooding of a significant portion on the northwest parking lot (H&I Dock area) and the north parking lot (J-Dock area) along the harbor edge.
- The RV Park spaces, east parking areas (U-X Dock area), the District’s maintenance yard, and roadway along the west side of the harbor would not be impacted.

2100 Planning Horizon (or 6.9 feet of SLR, Medium – High Risk Aversion). For the 2100 planning horizon, cumulative risks of coastal climate change affecting the Santa Cruz Port District are projected to be significant. In summary:

- King tides will flood approximately 50% of the north parking area (J-Dock area) along the harbor edge, including the District’s North Harbor Dry Storage yard. The northwest parking lot (H&I Dock area), including the District’s maintenance building/office, RV Park spaces, east parking lot and roadway along the west side of the harbor will be submerged on king tides.
- Public access and recreational activities will be impacted in the entire area of the north harbor during king tides. The impacted areas would include all parking areas, all pedestrian paths, access to the docks, and all viewing areas. Fishing charters and other commercial business relying on waterside access will likewise be impacted.
- Impacts to infrastructure along edge of harbor basin, including transformer boxes, electrical conduits, outlets, light fixtures, buildings and landscaping.
- Access/egress to the north harbor at the northeast end (via Brommer Street Extension) will not be impacted by king tides.
- Flooding associated with a 100-year storm would flood approximately 50% of the north parking area (J-Dock area) along the harbor edge, including the District’s North Harbor Dry Storage yard. The northwest parking lot (H&I Dock area), including the District’s maintenance building/office, RV Park spaces, east parking lot and roadway along the west side of the harbor would be flooded in entirety.
- Public access and recreational activities would be impacted in the entire area of the north harbor if subject to flooding associated with a 100-year storm. The impacted areas include all parking areas, all pedestrian paths, access to the docks, and the two northwest viewing areas. Fishing charters and other commercial business relying on waterside access would likewise be impacted.

- Access/egress to the north harbor at the northeast end (via Brommer Street Extension) would not be impacted.

a. Inventory of vulnerable natural and built “manmade” resources and facilities

The entirety of the Santa Cruz north harbor area can be considered a manmade facility. The Santa Cruz Port District was enacted in 1950 as there was a need for a homeport and refuge for a growing number of fishing boats and other small craft. The harbor was situated at Woods Lagoon, a low-lying area along the eastern extent of the City of Santa Cruz. Construction of the north harbor was completed in 1973. Facilities in the north harbor area include marina restrooms and docks, including moorage for the District’s dredge, an RV Park area, a marine engine repair facility, a dry storage area, maintenance and dredge yards, garbage collection/compaction area, oil recycling stations, lift stations, pedestrian walkways, and multiple scenic viewpoints with benches overlooking the harbor area, and access to the Arana Gulch watershed’s pedestrian and biking trails and greenspace.

Aside from the submerged seabed within the harbor, the closest nearby natural resource is the Arana Gulch watershed at the north end of the harbor area, which is a 63-acre greenbelt land, featuring open meadows, oak woodland, Arana Creek, pedestrian and biking trails. The gulch is not included within the CSLC Grant Boundary. However, SCPD supports this natural resource area by maintaining the culvert connecting Arana Creek and the harbor basin, allowing discharge from the creek to reach the Pacific and enabling tidal exchange with the marshlands within the gulch. SCPD also facilitates access to the Arana Gulch Trail from the north parking lot.

b. Consider impacts of storms and extreme events

Flooding and extreme storms are predicted to occur more frequently and with greater intensity as a result of climate change and can combine with SLR to exacerbate coastal flooding events. Southwesterly storm systems entering Monterey Bay are known to produce storm surge at Santa Cruz and are commonly responsible for coastal flooding. These storm systems are also accompanied by heavy rains which increases the landside flood potential. When storm surge occurs simultaneously with high tides, and rising sea levels, flood conditions are exacerbated.

The north harbor area is sheltered from wave action, and coastal flooding is therefore associated with elements that produce a rise in the still water level. These include:

- **Tides**, in particular high tides such as spring tides which occur twice a month during the full moon and the new moon, and king tides (perigean spring tides) which occur annually in January and December when a new or full moon occurs at the same time as the moon is at its closest to the earth.
- **El Niño** (and La Niña), which are cycles of warming and cooling of the ocean, typically lasting 9 to 12 months. They often commence in June or August and reach their peak during December through April, and subsequently, decay over May through July of the following year. Their periodicity is irregular, occurring every 3 to 5 years on average. The warming associated with El Niño produces a rise of the ocean level, which can be on the order of 6 to 13 inches. The period of elevated (or lowered) ocean levels can be on the order of months, while the peak highs and lows occur on a scale of days to weeks.

- **Storm Surge**, associated with storm systems occurring annually over the winter months.
- **Global Sea-Level Rise**, which constitutes a gradual rise of the eustatic ocean level over time.

Figure 3 depicts the coastal storm flood hazard zones (i.e., 100 year storm) for the 2010 baseline year as well as for the 2030, 2060 and 2100 planning horizons. These are denoted by the areas in dark blue to light blue. Low-lying areas prone to flooding, but not connected to the ocean by a direct overland flow path are indicated in dark orange to light orange. It should be noted that potential flooding associated with outflow from Arana Creek was not analyzed in the current SLR assessment. The yellow outline indicates the general area included in the CSLC Grant Boundary.

Figure 3: Coastal Storm Flood Hazard Zones



For the baseline year of 2010, the north harbor is not particularly vulnerable to the combined hazards of storms and extreme events. The edge of the harbor area is protected and thus not prone to erosion hazards.

Projected impacts over the three future time horizons include the following:

2030 Planning Horizon (or 0.8 feet of SLR, Medium – High Risk Aversion). For the 2030 planning horizon, cumulative risks of coastal climate change affecting the Santa Cruz Port District are projected to be relatively insignificant. In summary:

- The north harbor area is generally not impacted by king tides, but the highest tides will come up near the edge of the west side parking lot (G-Dock area).
- A 100-year storm could raise the water level to the point where a limited portion of the northwest parking lot (H&I Dock area) and the north parking lot (J-Dock area) could be affected by flooding in localized areas along the harbor edge.
- Remaining areas of the north harbor would not be impacted.

2060 Planning Horizon (or 2.6 feet of SLR, Medium – High Risk Aversion). For the 2060 planning horizon, cumulative risks of coastal climate change affecting the Santa Cruz Port District are projected to be moderate. In summary:

- King tides will flood parking spaces along the edge of the northwest (H&I Dock area) and north (J-Dock area) parking lots. The RV Park spaces, east side parking lot (X-Dock area) and roadway along the west side of the harbor will not be impacted by king tides.
- Potential for impacts to infrastructure along edge of harbor basin, including transformer boxes, electrical conduits, outlets, light fixtures, buildings and landscaping.
- A 100-year storm would cause flooding of a significant portion on the northwest parking lot (H&I Dock area) and the north parking lot (J-Dock area) along the harbor edge.
- The RV Park spaces, east parking areas (U-X Dock area), The District’s maintenance yard, and roadway along the west side of the harbor would not be impacted.

2100 Planning Horizon (or 6.9 feet of SLR, Medium – High Risk Aversion). For the 2100 planning horizon, cumulative risks of coastal climate change affecting the Santa Cruz Port District are projected to be more significant. In summary:

- King tides will flood approximately 50% of the north parking area (J-Dock area) along the harbor edge, including the District’s North Harbor Dry Storage yard. The northwest parking lot (H&I Dock area), including the District’s maintenance building/office, RV Park spaces, east parking lot and roadway along the west side of the harbor will be submerged on king tides.
- Public access and recreational activities will be impacted in the entire area of the north harbor during king tides. The impacted areas would include all parking areas, all pedestrian paths, access to the docks, and all viewing areas. Fishing charters and other commercial business relying on waterside access will likewise be impacted.
- Impacts to infrastructure along edge of harbor basin, including transformer boxes, electrical conduits, outlets, light fixtures, buildings and landscaping.
- Access/egress to the north harbor at the northeast end (via Brommer Street Extension)

will not be impacted by king tides.

- Flooding associated with a 100-year storm would flood approximately 50% of the north parking area (J-Dock area) along the harbor edge, including the District's North Harbor Dry Storage yard. The northwest parking lot (H&I Dock area), including the District's maintenance building/office, RV Park spaces, east parking lot and roadway along the west side of the harbor would be flooded in entirety.
- Public access and recreational activities would be impacted in the entire area of the north harbor if subject to flooding associated with a 100-year storm. The impacted areas include all parking areas, all pedestrian paths, access to the docks, and the two northwest viewing areas. Fishing charters and other commercial business relying on waterside access would likewise be impacted.
- Access/egress to the north harbor at the northeast end (via Brommer Street Extension) would not be impacted.

c. Consider changing shorelines

The shoreline within the harbor area is manmade and protected with riprap. Consequently, there is no significant erosion hazard. The main shoreline changes are therefore associated with rising tides as a result of SLR.

The shoreline along the harbor basin will effectively recede with SLR. The net effect is that the water level will rise and the shoreline edge come closer to the landside areas. Over time, these may therefore be more prone to flood hazards.

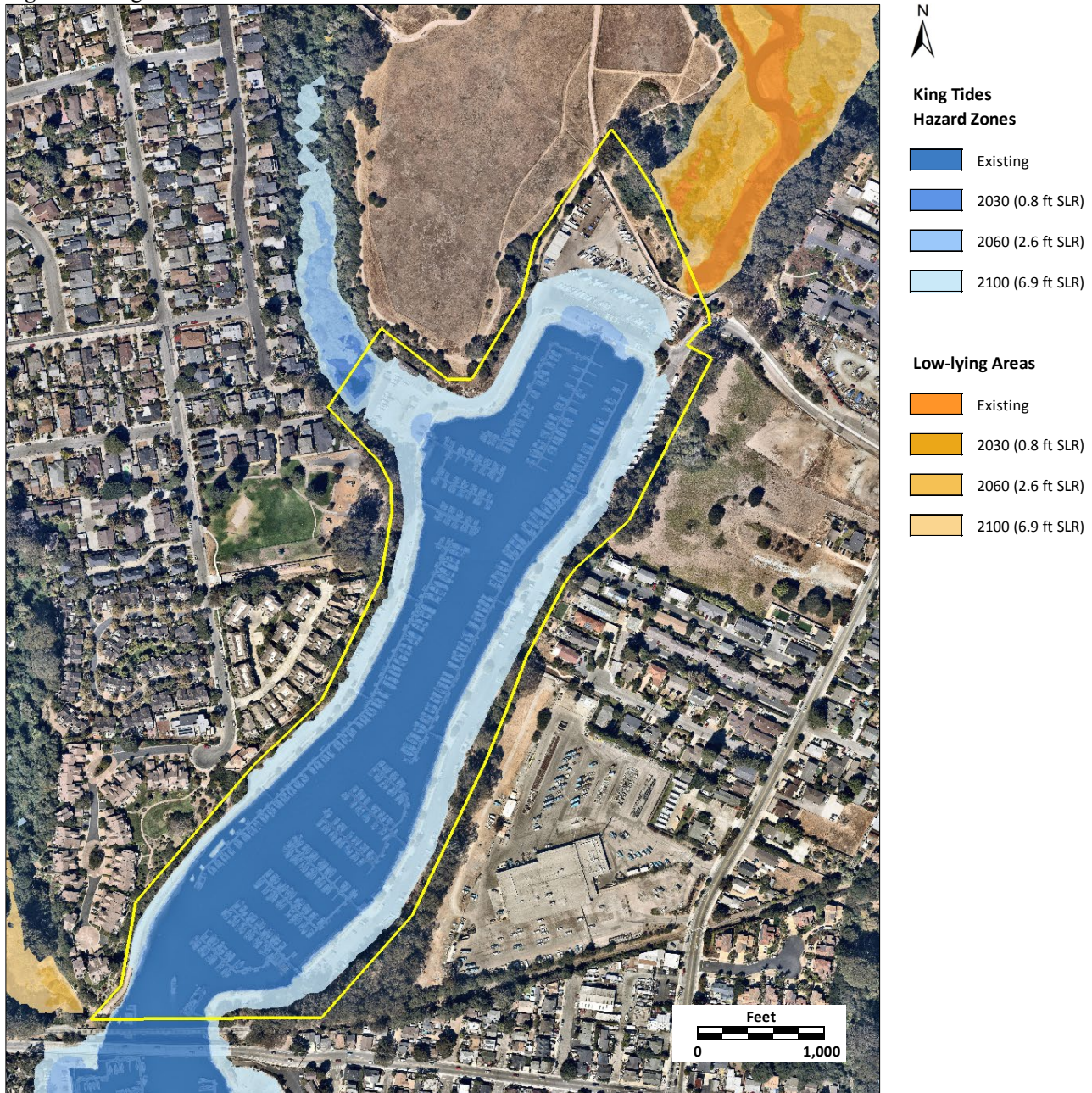
Figure 4 depicts rising tide hazard zones. In this context the shoreline is defined by the Mean High Water (MHW) line per *NOAA (2001)*.

The flood zones indicate that the harbor area would be unaffected by high tides through to 2060, but would experience progressive inundation of the parking and overland areas around the harbor towards the end of the century. Figure 5 shows areas impacted by king tides. These tides typically occur a few times in January to December and July to August.

Figure 4: Rising Tides Hazard Zones



Figure 5: King Tide Hazard Zones



d. Consider trends in relative local sea level

The California Coastal Commission recommends evaluation of SLR impacts using a scenario-based analysis, *CCC (2015)*. This method builds on the approach by the Intergovernmental Panel on Climate Change (IPCC) to understand how SLR and other drivers interact to threaten health, safety, and resources of coastal communities. Specific guidance for California was developed by the National Research Council in 2012, *NRC (2012)*. The guidance relies on the best available science at the time to identify a range of sea-level rise scenarios including high, low, and intermediate projections, taking into account regional factors such as El Niño and extreme storm events that affect ocean levels, precipitation, and storm surge. This approach allows planners to understand the full range of possible impacts that can be reasonably expected based on the best

available science, and build an understanding of the overall risk posed by potential future SLR.

The best available science and most recent guidance is provided in *OPC (2018)* and has been adopted for this study. Table 1 summarizes SLR scenarios adopted from *OPC (2018)* for the selected planning horizons and reflects a medium – high risk aversion to hazards associated with sea-level rise.

Table 1: Sea-Level Rise Scenarios Selected for Analysis

Time Horizon	SLR Scenario	Notes
2030	0.8 feet	Includes the potential of a large storm event (e.g. 100-year storm)
2060	2.6 feet	Future scenario, which includes increased storminess (doubling of El Niño storm impacts in a decade)
2100	6.9 feet	Includes the potential of a large storm event (e.g. 100-year storm) Future scenario of increased storminess (doubling of El Niño storm impacts in a decade)

Table 2 summarizes SLR projections for Monterey from the *OPC (2018)* Sea-Level Rise Guidance for the State of California. Figure 6 depicts the estimates from Table 2 in graphical form. The values indicated are in feet. Probabilistic projections for the height of sea-level rise are shown along with the H++ extreme risk aversion scenario (depicted in blue in the far right column of Table 2). The H++ projection is a single scenario and does not have an associated likelihood of occurrence as do the probabilistic projections. Probabilistic projections are with respect to a baseline of the year 2000, or more specifically the average relative sea level over 1991 - 2009. High emissions represents RCP 8.5; low emissions represents RCP 2.6. Recommended projections for use in low, medium-high and extreme risk aversion decisions are outlined in blue boxes below. The RCP’s stand for Representative Concentration Pathways and can be described as follows:

RCP 2.6 is representative of scenarios that lead to very low greenhouse gas concentration levels. It is a “peak-and-decline” scenario; where the radiative forcing level first reaches a value of around 3.1 W/m² by mid-century, and returns to 2.6 W/m² by 2100. In order to reach such radiative forcing levels, greenhouse gas emissions (and indirectly emissions of air pollutants) would need to be significantly curtailed over time, an effort that would need to be achieved on a global level for national and individuals alike.

As the world has not yet taken significant steps to curb emissions, the outlook for this scenario is at present deemed too optimistic.

RCP 8.5 is characterized by increasing greenhouse gas emissions over time, representative of scenarios that lead to high greenhouse gas concentration levels. The *OPC (2018)* guidance requires that this scenario be adopted at least through to 2050. RCP 8.5 is often referred to as the “business-as-usual” scenario, and is consistent with a future where there are few global efforts to limit or reduce emissions.

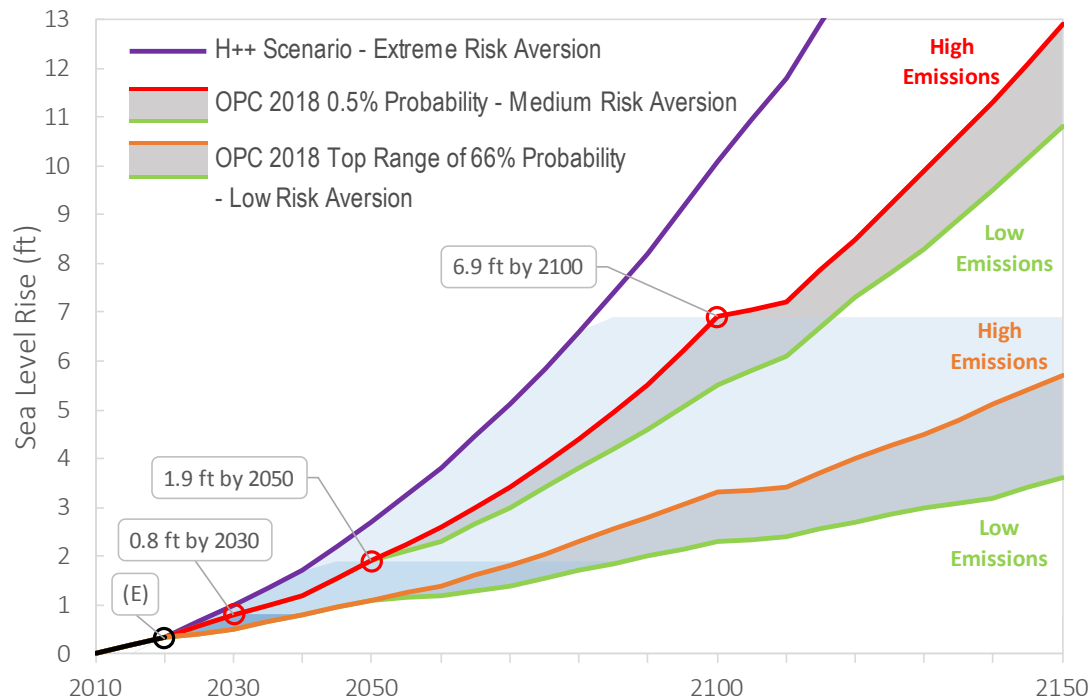
Thus far, our greenhouse gas emissions worldwide have continued to follow the business-as-

usual trajectory. The present study therefore adopts the Medium – High Risk Aversion/High Emissions Sea-Level Rise Projection for a planning horizon out to 2030, 2060 and 2100. This scenario has a 1-in-200 chance (or 0.5% probability) of sea-level rise meeting or exceeding the tabled values.

Table 2: OPC (2018) Sea-Level Rise Projections for Monterey, CA

		<i>Probabilistic Projections (in feet) (based on Kopp et al. 2014)</i>				<i>H++ scenario (Sweet et al. 2017) *Single scenario</i>	
		MEDIAN	LIKELY RANGE	1-IN-20 CHANCE	1-IN-200 CHANCE		
		<i>50% probability sea-level rise meets or exceeds...</i>	<i>66% probability sea-level rise is between...</i>	<i>5% probability sea-level rise meets or exceeds...</i>	<i>0.5% probability sea-level rise meets or exceeds...</i>		
				Low Risk Aversion		Medium - High Risk Aversion	Extreme Risk Aversion
High emissions	2030	0.4	0.3 - 0.5	0.6	0.8	1.0	
	2040	0.6	0.4 - 0.8	0.9	1.2	1.7	
	2050	0.8	0.5 - 1.1	1.3	1.9	2.7	
Low emissions	2060	0.9	0.5 - 1.2	1.5	2.3		
High emissions	2060	1.0	0.7 - 1.4	1.8	2.6	3.8	
Low emissions	2070	1.0	0.6 - 1.4	1.9	3.0		
High emissions	2070	1.3	0.9 - 1.8	2.3	3.4	5.1	
Low emissions	2080	1.2	0.7 - 1.7	2.3	3.8		
High emissions	2080	1.6	1.1 - 2.3	2.9	4.4	6.6	
Low emissions	2090	1.3	0.8 - 2.0	2.7	4.6		
High emissions	2090	2.0	1.3 - 2.8	3.5	5.5	8.2	
Low emissions	2100	1.5	0.9 - 2.3	3.1	5.5		
High emissions	2100	2.3	1.5 - 3.3	4.3	6.9	10.1	
Low emissions	2110*	1.6	1.0 - 2.4	3.3	6.1		
High emissions	2110*	2.5	1.7 - 3.4	4.4	7.2	11.8	
Low emissions	2120	1.7	1.0 - 2.7	3.8	7.3		
High emissions	2120	2.8	2.0 - 4.0	5.2	8.5	14.0	
Low emissions	2130	1.9	1.1 - 3.0	4.2	8.3		
High emissions	2130	3.1	2.2 - 4.5	5.9	9.9	16.4	
Low emissions	2140	2.0	1.1 - 3.2	4.7	9.5		
High emissions	2140	3.5	2.4 - 5.1	6.7	11.3	18.9	
Low emissions	2150	2.1	1.1 - 3.6	5.3	10.8		
High emissions	2150	3.8	2.6 - 5.7	7.6	12.9	21.8	

Figure 6: OPC Sea-Level Rise Projections

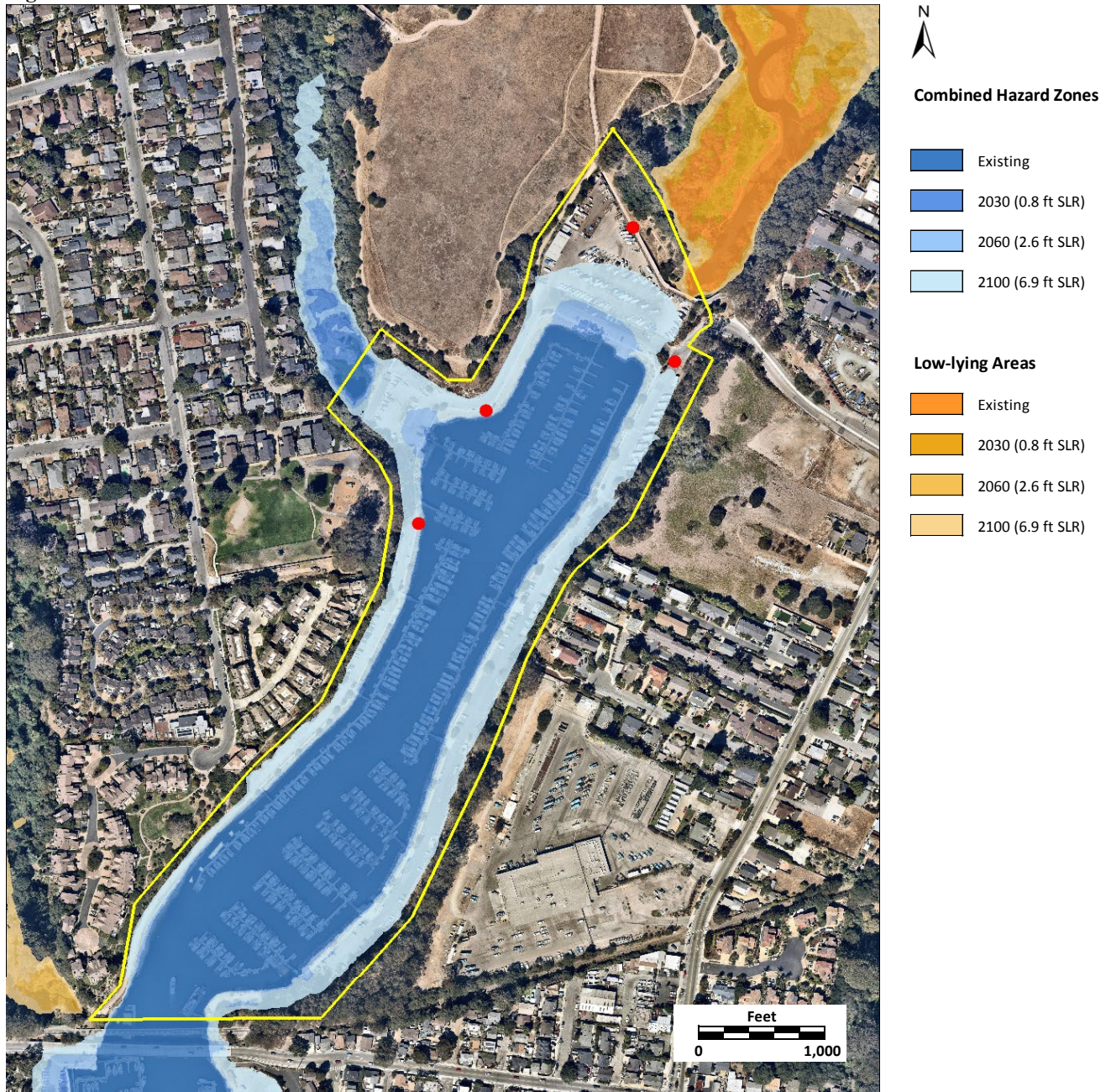


e. Consider impacts to the public trust resources and values, including but not limited to public access, commerce, recreation, coastal habitats and navigability

The main public trust resources to be impacted by SLR in the State Grant Area are public access, commerce and recreational/commercial activities. Navigability will not be impacted as the water depth increases with sea-level rise and the docks float and will follow the water level elevation. However, docks will only remain on position as long as they are moving vertically within the range of the guide piles. Depending on the cap elevation of guide piles relative to the rise in sea level, it is in some cases conceivable that docks can float up over the guide piles. Mitigation for this type of impact can be via extension of the existing guide piles (lower cost but not very practical), or via replacement of existing guide piles with longer piles (more practical in terms of installation but also at a higher cost).

The impacts will be in the form of rising tides submerging portions of the upland areas. This localized flooding will occur in low-lying areas along the harbor edge. The flooding will occur at the peak of the highest tides, and will initially be brief, limited in extent and the depths of flooding limited to a few inches. This form of flooding is termed nuisance flooding and can be tolerated up to a certain point. The flood extents, frequency of flooding and flood depths will progressively worsen with sea-level rise.

Figure 7: Coastal Access Points and Combined SLR Hazard Zones



f. Prioritize vulnerabilities to be addressed

There are several strategies that can be considered, which are:

- Do nothing, if the flooding is so minor as to only constitute a nuisance.
- Adapt to localized minor flooding. Temporarily fence off areas subject to flooding prior to and during episodes of flooding. The flood prone areas will be known and recurring flooding will always occur in the same low-lying areas.

- Adapt to and plan for more extensive flooding. Advise the public about upcoming episodes of flooding. These will be known to occur during times of peak tides. As flooding becomes more extensive, portions of the harbor upland areas can be closed temporarily. This approach may work well as the roadway and entry point at the northeast corner of the harbor area are on higher ground and will remain unaffected by flooding. Consequently there will always be a means of egress from the harbor area, if need be. However, access to the docks and vessels would be cut off. If and when a flooding event is anticipated, advisories should be issued and temporary fencing put in place far enough in advance of the flood event that boaters won't be out on the water and have to return at the peak of the flood events.
- Mitigate flooding. Prevent flooding of upland areas by installing a low wall along the perimeter of the harbor basin. This may require existing access points to be raised to facilitate access over the wall. Alternatively, openings in the wall can be outfitted with inflatable barriers or flashboards to prevent flooding when the water level rises.

Any impacts associated with episodic flooding are likely to encompass public access, recreation, and commerce simultaneously as the harbor area largely facilitates both recreational and commercial activities.

Physical impacts to SCPD infrastructure are estimated to be limited, but may lead to a higher level of maintenance of upland areas, increasing with the frequency of flood episodes.

There will be a monetary loss when users are unable to access and make use of the facilities at the harbor. However, the initial losses are estimated to be limited as the flooding to a large extent will be in the form of nuisance flooding. Some users may arrive and be turned away by flooding, while more determined users will work around flooded areas and still be able to make use of facilities at the harbor area. Flood events will initially be episodic and limited in terms of duration and flood extents. Some of the high tides may peak in the morning/evening hours or overnight and may therefore not be as impactful.

Table 3 summarizes proposed adaptation strategies for the north harbor area.

Table 3: Adaptation Strategies for the north harbor area

Title	Timeline	Priority
A-1: Increase public awareness, education, and public outreach in areas with social vulnerabilities that coincide with hazard zones	2060-2100	High
A-2: Prepare for potential SLR throughout the harbor	2060-2100	Medium
A-3: Identify priority areas for managed retreat to retain public access for recreational use; plan to adapt to local flooding	2060-2100	Medium
A-4: Adopt policies to evaluate limiting municipal capital improvements that would be at risk	2060-2100	High
A-5: Prioritize SLR mitigation when structures are planned for upgrade or replacement	2040-2100	High
A-6: Protect visitor serving venues and support natural resources	Ongoing	Very High
B-1: Promote and preserve economic base and tourism industry in the face of a changing climate	Ongoing	High
B-2: Disseminate flood hazard information	2060–2100	High
C-1: Protect and preserve tree canopy and other native coastal vegetation	Ongoing	Important

g. Consider impacts and recommendations described in the current version of the Ocean Protection Council’s (OPC) Sea-Level Rise Guidance Document

Recommendations from the *OPC (2018)* Guidance Document suggest that adaptation strategies should prioritize use of natural or green infrastructure solutions. The harbor area is manmade and slopes around the perimeter of the harbor basin are protected with riprap. Salinity levels can range from fresh/brackish to saline. There is therefore limited opportunity for incorporation of natural solutions along the harbor edge. It would be possible to incorporate additional planting in upland areas, but these would have to be considered carefully with respect to existing allocations for parking to prevent impacts to revenue and survive periodic inundation by tides.

The greatest opportunity for natural solutions is preservation of the Arana Gulch area north of the harbor. SCPD would continue to support and maintain access to this area.

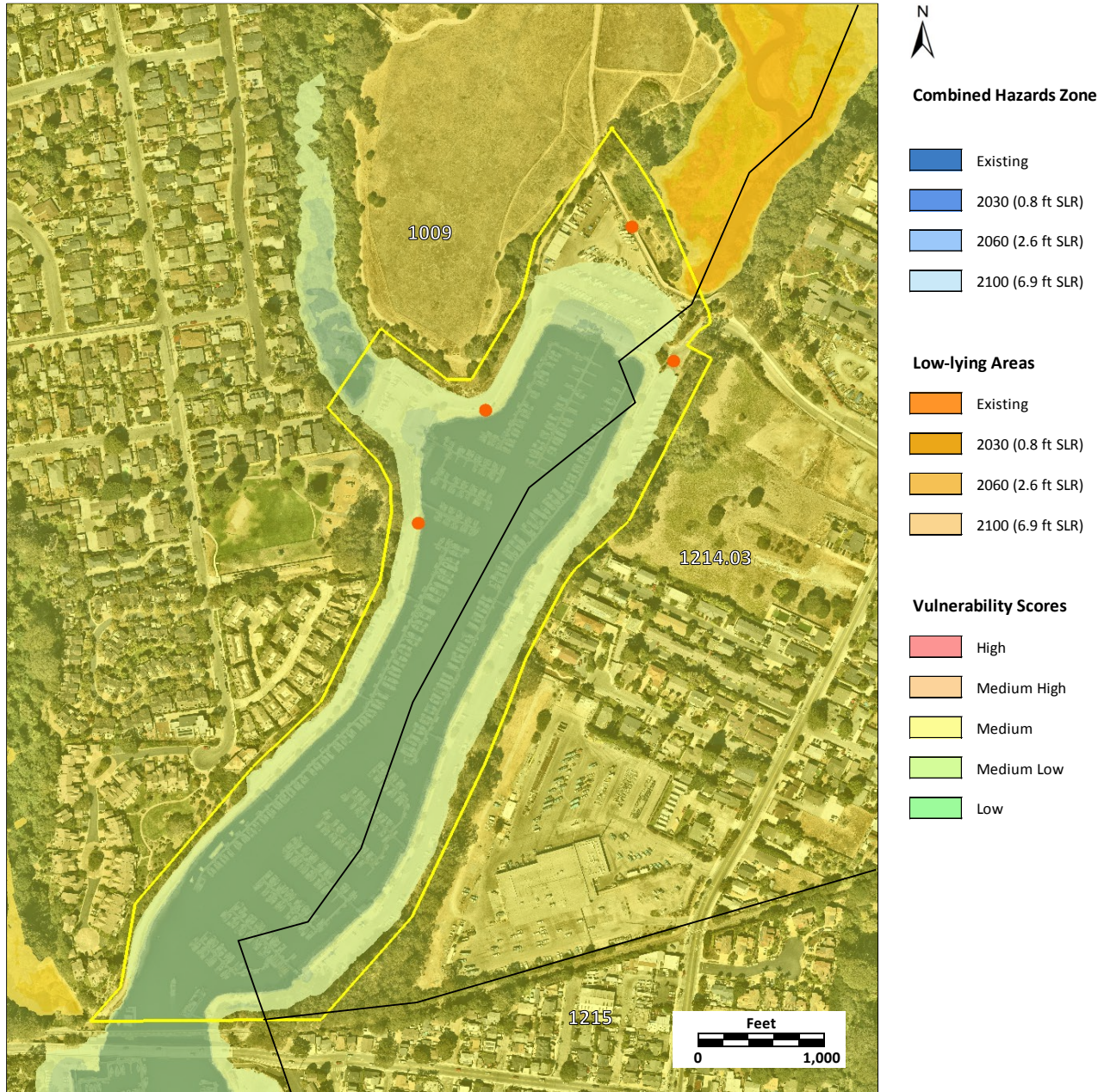
According to the Ocean Protection Council’s SLR Guidance Document, adaptation planning and strategies should also prioritize social equity, environmental justice and the needs of vulnerable communities. Environmental justice and social equity is considered in the City of Santa Cruz overall planning efforts, *CSC (2018)*. Census block groups are peripheral to the State Grant Area which does not contain any specific census groups.

However, with due consideration to social vulnerability, Figure 8 shows social vulnerability index scoring for census blocks in the vicinity of the harbor from *PI (2012)*. The data indicates that social vulnerability in the areas around the harbor is near medium, slightly above or below neutral relative to other census block groups. The social vulnerability indicators considered in the data are summarized in Table 4.

Table 4: Factors Affecting Social Vulnerability to Climate Hazards

Factors	Census Block Group		
	1009	1214.03	1215
Living Alone over 65	15%	13%	11%
Population under 18	15%	19%	15%
Renters	62%	51%	68%
Households speaking little English	3%	11%	12%
People of Color	16%	33%	33%
Low Income	23%	40%	42%
Population w/o High School Diploma	95%	79%	88%
Living in Group Quarters	0%	11%	3%
Unemployed	5%	5%	4%
Women giving birth last 12 mos.	5%	7%	5%
Outdoor Workers	6%	11%	5%
Foreign Born	10%	18%	17%
Lack Access to Grocery Stores	25%	31%	50%
Overweight/Obese Youth	42%	0%	41%
Impervious Land Cover	53%	42%	49%
Treeless Area	4%	10%	7%
Households without a Vehicle	14%	6%	8%
Pre-term Birth Rate	8%	8%	8%
Households without Air con.	11%	11%	11%
Vulnerability Index Score	-0.17	+0.02	-0.02
Range (less vulnerable ↔ more vulnerable)			

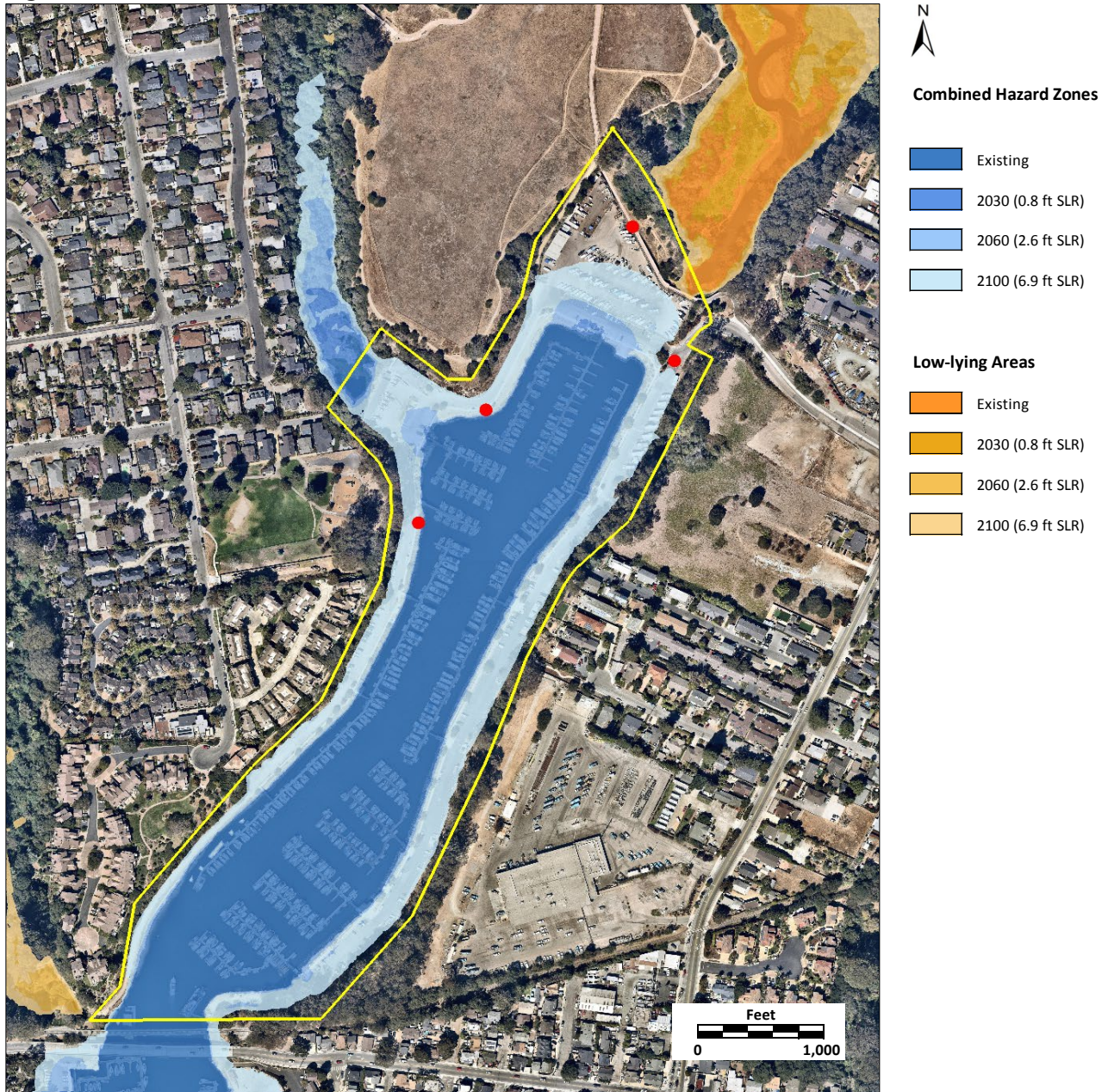
Figure 8: Social Vulnerability to Climate Hazards by Census Block Group



2. Maps of 2030, 2060 and 2100 Impacts

Figure 9 depicts the combined impacts of climate change SLR hazards (rising tide, 100-year coastal storm flooding and erosion) projected in the years 2010 (baseline year), 2030, 2060 and 2100 in the State Grant Area.

Figure 9: Combined SLR Hazard Zones



Section 1 contains a detailed description and maps of the separate SLR related climate hazards (e.g., rising tides, and coastal storm flooding) as well as the cumulative risks and impacts of SLR and coastal climate change projected for the 2030, 2060 and 2100 planning horizons. Table 5 describes the specific assets within and adjacent to the State Grant Area that are projected to be vulnerable to the cumulative risks of coastal climate change and SLR.

Table 5: Specific Assets Projected to be Vulnerable to SLR in or adjacent to the State Grant Area

Asset/Area	Type	SLR Hazard Impact	Impact Threshold
Visitor Parking West Lot	Parking area	Rising Tides, King Tides, Coastal Storm Flooding	2070
Northwest Parking Lot	Parking area		2050
North Parking Lot	Parking area		2050
RV Parking	Parking area		2080
Visitor Parking East Lot	Parking area		2060
Restroom facilities	Appurtenances		2040
Stormwater outlets	Utilities		2040
Transformer boxes, electrical conduits, electrical outlets, light fixtures.	Electrical Utilities		2040
Landscaping	Vegetation		2060
Viewing platforms and benches	Appurtenances		2070
Garbage Disposal and Recycling Stations	Appurtenances		2080
Used Oil Recycling Stations	Appurtenances		2080
Cleaning Stations	Appurtenances		2080
Transformer Pads	Appurtenances		2090
Sanitary Tank Disposal	Appurtenances	2090	

The impact thresholds outlined in Table 5 indicates when impacts are projected to commence. These estimates are approximate and assume that future sea-level rise will follow the medium to high risk aversion scenario. The impacts will initially consist of shallow flooding of low-lying areas bordering the harbor basin. The flooding will occur on high tides and will persist for 1-2 hours. Initial flood events that occur in the early morning, late evening, or overnight hours may go largely unnoticed. The ponding associated with the flooding may be on the same order as what can be expected during episodes of heavy rainfall. If flood events occur during the daytime hours, they may initially be seen as an attraction. The novelty of high water within the harbor basin and flooding of shallow areas tends to attract the public but annoy regular users of the harbor. Because the water depth will change rapidly from shallow to deep near the harbor edge this presents a hazardous condition to the public. Such hazards can be mitigated with temporary fencing put in place around areas of shallow flooding with signage warning users of flooding.

As sea level rises, the extent and duration of flood events will increase progressively. The novelty of flooding occurring on high tides will transition to nuisance flooding. Although parking areas will be partially affected, the flooding may to a large extent be addressed with temporary fencing put in place and signage informing users about the flooding. To users

arriving at the harbor facilities, it may mean that they defer to other (non-flooded) areas for parking, or they might leave the area and return at a later time when the floodwaters have receded. Regular users of the harbor area may to a large extent perceive the flooding as a nuisance but otherwise go about their usual activities.

The initial flooding will primarily affect parking areas and may equate to a loss in revenue. Later, flooding may reach an extent where harbor appurtenances are impacted and there could be associated cost impacts.

Because the flooding mostly will be timed with the occurrence of high tides, it will be relatively simple to predict when flood events will occur and for how long they will persist. Published tide tables provide accurate estimates of when the highest tides will occur. The height of tides is also well known, but may be affected by wind events (storm surge) or El Niño events. The latter will become important around the time of the impact thresholds indicated in Table 5. This is because El Niño conditions produce a temporary rise in sea level, which can lead to more extensive and more frequent flooding.

3. Estimate of financial costs of sea-level rise

a. Replacement or repair costs of resources and facilities that could be impacted by sea-level rise and climate change processes

One of the primary impacts associated with sea-level rise will be flooding of north harbor parking areas, which will directly affect dock access during high tides. There is a loss associated with parking space and the inability to access vessels when flooding occurs.

Table 6 summarizes potential sea-level rise related impacts to parking areas for years 2030, 2060 and 2100. No impacts are anticipated for any parking areas by 2030. Initial impacts in the form of shallow flooding in areas of the North Parking Lot and Northwest Parking Lot are estimated to occur around 2050. By 2060, the Northwest Parking Lot and the North Parking Lot will be impacted without adaptation. These two parking areas will be progressively impacted as the rate of sea-level rise becomes more pronounced towards the latter half of the century. By 2100, the sea level will have risen to the point where all parking areas will be impacted due to flooding on high tides.

Table 6: Potential Sea-Level Rise Related Impacts to Parking Areas

Parking Area, Dock Access	Parking Spaces (percent of area total) Impacted by:		
	2030	2060	2100
West Parking Lot	0%	0%	100%
Northwest Parking Lot and dock access	0%	75%	100%
North Parking Lot and dock access	0%	57%	100%
East Parking Lot	0%	2%	100%
RV Parking Lot	0%	0%	100%
Total, All Areas	0%	15%	100%

It is estimated that losses in revenue due to impacts to parking areas could be on the order of \$50/day by 2050, \$100/day by 2060, and \$1,000/day by 2100. These costs reflect impacts to hourly parking in the daytime hours from 8 am to 6 pm based on parking area information from *WDI (2016)*. These cost impacts, and projected cumulative costs are summarized in Table 7.

Table 7: Estimated Daily and Cumulative Impacts Associated with Parking Area Impacts

Cost Impact	Parking Spaces (percent of area total) Impacted by:			
	2030	2050	2060	2100
Daily	\$0	\$50	\$100	\$1,000
Cumulative	\$0	\$1,125	\$11,160	\$11M

Cost estimates reflect present value of future cost with price escalation based on the U.S. Average Consumer Price Index (CPI) and index base period (1982-84 = 100), *BLS (2019)*.

The data indicates that sea-level rise related impacts out to around the mid-century point will mostly be in the form of nuisance flooding. From 2060, to the end of the century, significant cost impacts become evident as the frequency and extent of flooding becomes more pronounced.

4. Description of how trustee proposes to protect and preserve resources and structures that would be impacted by the sea-level rise

a. Describe proposed mitigation/adaptation measures, and how vulnerabilities will be addressed

Adaptation to Near Term Sea-Level Rise Impacts. Initial sea-level rise related impacts will be limited and infrequent. Initial mitigation can therefore focus on information to the public about when and where potential flooding events may occur. Apart from incidental flooding associated with storms that may occur during the winter months, the dates and times of high tides will be known in advance. Low areas exposed to shallow flooding can be identified via terrain mapping,

and/or will be known from prior episodes of flooding.

Information to the public about episodes of potential flooding can be provided via use of the annual tide tables, signage, electronic messaging, and by fencing off areas known to be subject to flooding. Such measures may prove effective at the onset of sea-level rise related flood impacts. However, as flood episodes become more frequent in terms of recurrence, and areas subject to flooding grow larger, and flood depths transition from shallow to intermediate, a more comprehensive solution may be needed to address sea-level rise related hazards and associated impacts. Related impacts may be in the form of flood damage, recurring saltwater exposure, and localized erosion due to water exchange between the harbor basin and upland parking areas.

While the docks within the harbor are not obviously impacted by sea-level rise as they float and readily accommodate changes in water level, they may be some of the first infrastructure to experience sea-level rise related impacts.

Figure 10 shows an example of how rising water levels due to king tides can impact docks. While the outer end of the dock can move up and down freely, the connection to the landside abutment is fixed, which can lead to a number of impacts such as: gaining access to the dock impacted by flooding, structural connections being overloaded, and elevated saltwater exposure at the landside tie-in. A solution to this type of impact can be to rebuild the abutment and access paths with a higher hinge point for the float, or install a new abutment structure that allows vertical adjustments to be made over time. Depending on the level of sea rise, and the top elevation of the guide-piles, there could be a concern of docks floating up over the guide-piles.

Figure 10: Example king tide flooding impacting access to float, CCC (2019).



Other existing infrastructure that may need early sea-level rise adaptation might include any stormwater outlets within the harbor area. Such outlets can in many cases be outfitted with duckbill valves or similar backflow prevention devices. This in turn may mean that the infrastructure can experience shutdowns when water levels are high, e.g. when gravity draining systems are unable to discharge under head. Systems affected by such impacts may need to incorporate pumps in order to be able to provide continuous discharge.

The above-mentioned areas of mitigation/adaptation can be incorporated under the regular

maintenance of the harbor facilities and planned for in the District's annual Capital Improvement Program.

Elements that need to be considered for adaptation before 2050 include all infrastructure in low lying areas around the edge of the harbor basin, including electrical installations such as conduits, transformer boxes, electrical outlets and light fixtures; buildings (restroom facilities); fire hydrants; and vegetation and landscaping. These elements should be incorporated into early planning so that adaptation/mitigation measures can be put in place in advance of potential sea-level rise related impacts. These elements all have a low tolerance to flood exposure and the consequences of exposure may be considerable. For example, transformer boxes should be elevated and/or waterproofed to avoid the greater impact if the system is exposed to water and compromised. Restrooms should be upgraded or elevated to prevent flood damage and potential overflow of the sewer systems. Landscaping may die off if the surrounding soil and root systems are exposed to saltwater.

Adaptation to Future Sea-Level Rise Impacts. If future sea-level rise follows the *medium to high risk* projection, impacts to upland areas around the north harbor could commence around 2050 to 2060. Mitigation to address shallow flooding in parking areas could initially consist of notifying users about the timing and extent of impacts, which will be known in advance from the use of tide tables. If and when flooding becomes more extensive in terms of frequency, areal extent and inundation depths it would make sense to raise grades around the north harbor to prevent flooding.

Elevating the area around the harbor could be achieved by raising the grade of landside areas with fill and reestablishing paving, access pathways, and existing infrastructure. Buildings can in most cases be elevated, but building replacement could also be planned as elements of a maintenance program.

As an alternative to raising site grades in general, the harbor basin perimeter could be improved with a raised berm to confine floodwaters to the harbor basin. This type of solution might only be feasible up to a point, as access to and from the harbor basin would need to ramp up and over the berm.

b. Describe the timeframe for implementation of such measures

Based on the current outlook, initial sea-level rise related impacts could start to affect the north harbor around 2050 to 2060. These estimates are based on the *medium to high risk* sea-level rise projection, which has a 1 in 200 chance (0.5% risk) of occurring. Conversely, this means that there is a 99.5% chance that the mean sea level will not rise by that much by 2050 to 2060.

In terms of sea-level rise threshold, the above equates to a rise of the mean sea level of 1.9 to 2.6 feet. In the context of the 50% chance projection, this amount of sea-level rise could occur by around 2090 to 2110.

Adaptation and mitigation to improve sea-level rise resilience at the north harbor can therefore be timed with a threshold of 1.9 to 2.6 feet of sea-level rise from present day. At that time the projected rate of sea-level rise remains moderate at around 0.8 inches per year or 8 inches over a decade, which leaves room for planning of capital improvement projects, including identifying funding options.

c. Describe plans to monitor impacts of sea-level rise and climate changes, as well as effectiveness of mitigation and adaptation measures

Aside from infrequent winter storms capable of producing coastal flooding, the primary sea-level rise related hazard for the north harbor area is potential flooding associated with high tides in combination with future sea-level rise.

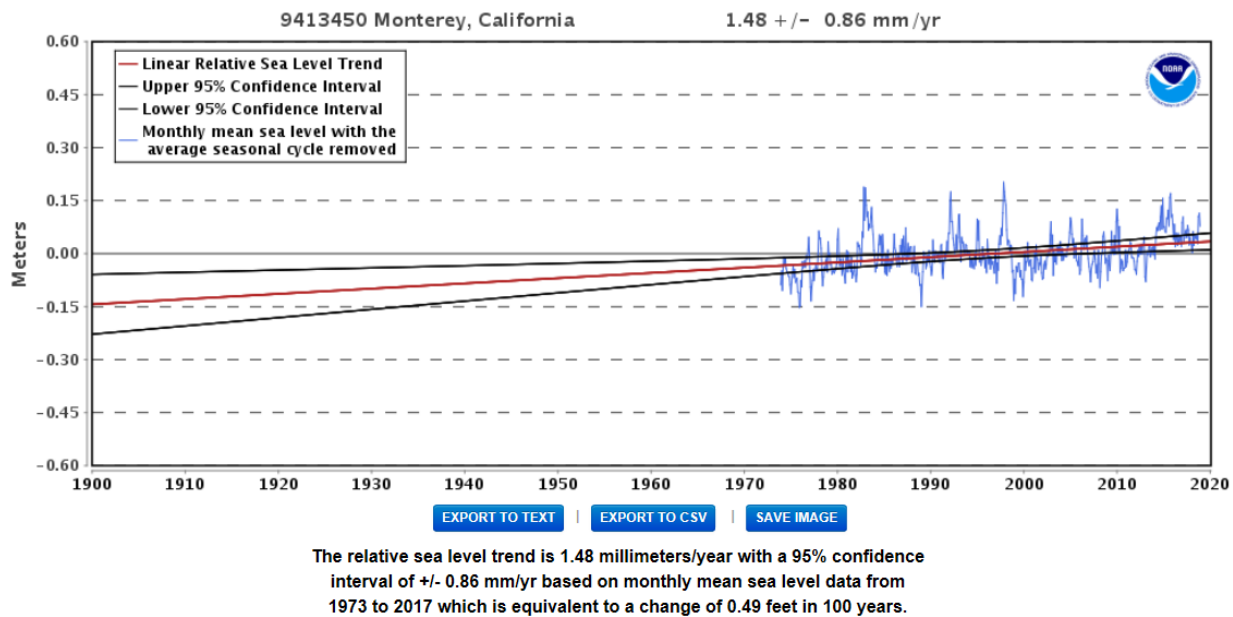
NOAA maintains a tide gauge at Monterey to measure tides in Monterey Bay. This station has collected data since 1973 and enables NOAA to provide tide predictions for the area of the Santa Cruz Municipal Pier. The occurrence and timing of high tides can be accurately forecast and is published in annual tide tables. These are an important tool for predicting when potential sea-level rise related flooding can occur with future sea-level rise.

Measurements of actual sea-level rise currently follows two pathways, which detect changes in the ocean level from tide gauges, and alternatively from satellite altimetry.

Mean Sea-Level Trend from Tide Gauges. The first method, which NOAA utilizes is detecting the mean sea level trend based on many years of recorded tides. Figure 11 shows the historical record of tides measured at Monterey (blue curve) and the estimated linear relative sea level trend (red line). A difficulty with this approach is detecting a limited trend of sea-level rise in the tide data, where water level variations are far greater than the measured sea-level rise. Additional elements that add uncertainty to the data include seasonal fluctuations of the water level due to coastal ocean temperatures (El Niño and La Niña effects), salinity variation, wind shear, atmospheric pressure variation, and ocean currents. Another complication can be ground motion as any vertical movement of the ground will offset the water level measurements. Causes of vertical land motion in California can include creep, subsidence, earthquakes and post-glacial rebound.

Most climate change scenarios predict trends where the rate of sea-level rise increases in the future, i.e. sea-level rise accelerates over time. Such trends have not yet been detected in the data, but the data NOAA has been collecting at Monterey since 1973 will prove valuable for documentation of the mean sea-level rise trend as sea-level rise unfolds. NOAA is working actively to advance sea-level rise science and it is likely that NOAA scientists will improve their tools for prediction of the sea-level rise trend.

Figure 11: Sea-level rise monitoring at Monterey.



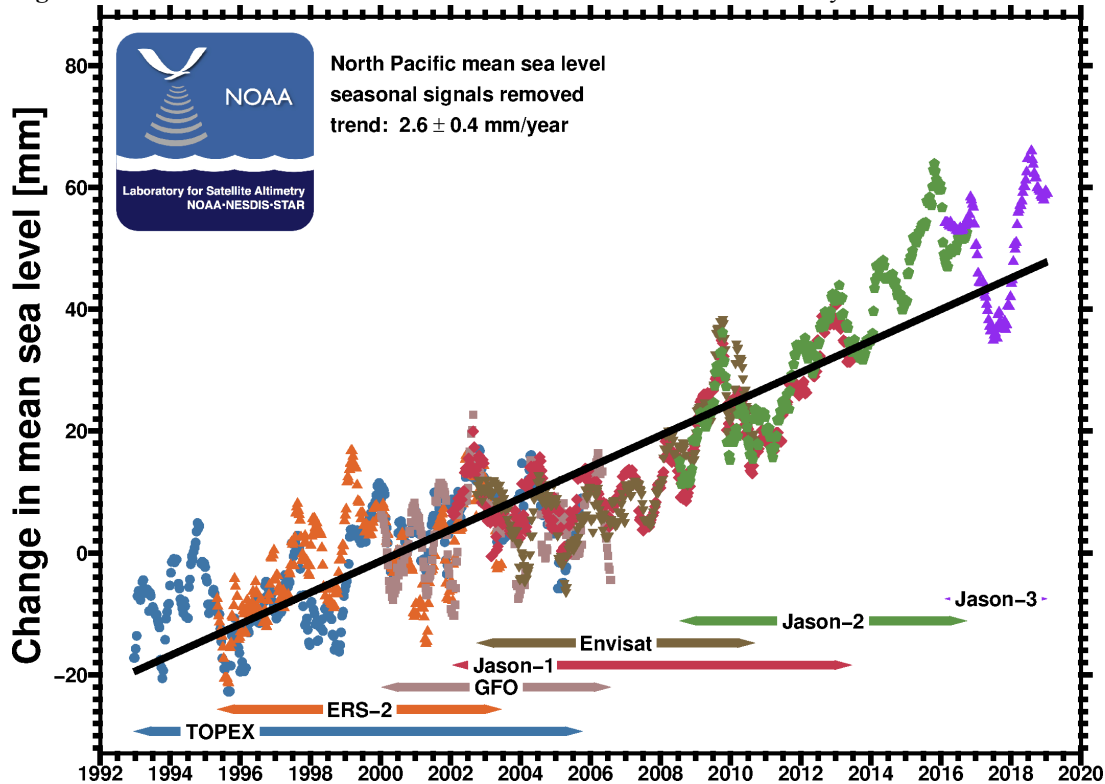
As part of climate adaptation planning, the City of Santa Cruz and Santa Cruz County are proposing to install a permanent tide gauge at Santa Cruz which would benefit NOAA sea-level rise monitoring programs and aid the Port District with improved local sea-level rise monitoring.

Mean Sea-Level Trend from Satellite Altimetry. The second method for tracking sea-level rise is monitoring of ocean levels via satellite altimetry. These efforts are sponsored by NASA and partner organizations worldwide. Recent efforts have focused on aligning satellite measurements of ocean levels with measurements from tide gauges as the two methods initially produced different estimates. Measurements of the ocean level from satellites has its own difficulties, and effects that can offset the measurements include ionospheric effects from the slight delay of the altimeter radar wave as it propagates through the atmosphere; changes in atmospheric moisture content; ocean surface variation due to wave action, tides and barometric pressure variations, and gravitational effects due to variations in the topography of the seafloor.

NASA satellite data estimates that global mean sea level has risen by 8 inches since 1870, which is an average rate of 1.35 mm/year and comparable to the linear trend determined by NOAA in Figure 11.

In the more recent timeline, NASA estimates that the rate of sea-level rise has doubled in the past two decades and global ocean levels have risen by an average of nearly 3 inches since 1992. Figure 12, summarizes the satellite altimetry data for the North Pacific collected since 1992 via a number of satellite measurement programs (TOPEX, ERS-2, GFO, Jason-1, Envisat, Jason-2, and Jason-3). This estimated average mean sea-level trend for the North Pacific is 2.6 mm/year. It is not known if the differences in the estimated rates of sea-level rise are due to factors offsetting the results, or whether global sea-level rise is accelerating.

Figure 12: North Pacific sea-level trend estimated based on satellite altimetry.



d. Describe any regional partnerships the trustee is part to or intending to form that would address sea-level and climate change vulnerability or increase resiliency

It is a goal of the Santa Cruz Port District to actively work on sea-level rise related planning. To ensure increased resiliency, the Port District will work to identify and prioritize future sea-level rise related projects and potential funding sources.

The Port District intends to engage technical consultants with expertise in climate science who monitor relevant information released by organizations, such as the California Ocean Protection Council and the California Ocean Science Trust. Additionally, the District intends to participate in educational opportunities, such as those offered online by advocacy groups such as the Climate Readiness Institute.

In the future, the Port District may choose to partner with the City of Santa Cruz' Climate Action Task Force Adaptation Subcommittee to coordinate and address concerns relative to sea-level rise.

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TO: Port Commission
FROM: Marian Olin, Port Director
DATE: May 21, 2019
SUBJECT: Approval of Johnny's Harborside 6th Amendment to Lease - 493B Lake Ave

Recommendation: *Approve the 6th Amendment to Lease for Johnny's Harborside, 493B Lake Avenue, renting approximately 60 square feet of exterior space for the remaining lease term to accommodate a refrigeration unit.*

BACKGROUND

Mr. Dan Agostinis of Johnny's Harborside has requested to rent approximately 60 square feet of exterior space to house a KolPak refrigeration unit to accommodate additional food storage needs for the restaurant. The Kolpak refrigeration unit is designed for exterior installation.

Mr. Agostinis worked with harbor staff and Hans Havemann of H&H Fresh Fish (H&H) to identify a suitable location. The area is located in the breezeway between 493 Lake Avenue (H&H and Johnny's Harborside) and 495 Lake Avenue (Santa Cruz Harbor Boatyard), in an area previously occupied by the large commercial ice machine.

H&H's lease identifies a number of equipment items included with the leasehold, including an ice machine. In 2013, the large Sunwell ice machine was replaced with a smaller Howe unit, reducing the footprint previously required for this equipment. H&H subsequently placed a shed in the void left by removal of the Sunwell ice machine, though the square footage is not officially included in H&H's premise.

Johnny's Harborside will bear full cost for acquisition and installation of the refrigeration unit, which includes moving H&H's existing shed and the canopy structure south approximately 6'. H&H will have adequate room for their existing ice equipment and room for possible future installation of a crab cooker and/or an additional Howe ice machine unit to further supplement ice production capability.

ANALYSIS

Terms – 493B Lake Avenue Exterior Space

Tenant: Harbor Culinary Services, Inc., dba Johnny's Harborside Restaurant
Term: Lease term ends August 15, 2021
Rent: \$104.00 per month, subject to annual CPI adjustment
Area: 60+/- square feet, exterior space
Use: Refrigeration unit
Insurance: \$1 million, with Santa Cruz Port District named as additional insured

IMPACT TO PORT DISTRICT RESOURCES

Rental of 60 square feet of exterior space will generate \$1,248 per year in additional revenue to the Port District. The monthly rental rate is subject to annual CPI adjustment.

- ATTACHMENTS –
- A. 6th Amendment to Lease and Premises Diagram A-1
 - B. Lease – 493 Lake Avenue and Amendments 1-5

SIXTH AMENDMENT TO LEASE

THIS Amendment is made and entered into as of the 1st day of June, 2019, by and between SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision of the State of California, 135 Fifth Avenue, Santa Cruz, Santa Cruz County, California 95062 (Landlord), and HARBOR CULINARY ENTERPRISES, INC., a California corporation, 493 Lake Avenue, Santa Cruz, Santa Cruz County, California 95062 (Tenant).

RECITALS:

WHEREAS, the parties entered into that certain Lease dated February 16, 1994, (the Lease); and

WHEREAS, the parties hereto now desire to amend the Lease and subsequent Amendments to Lease in order to provide for inclusion of additional Premises in the amount of sixty (60) square feet of exterior storage space;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

THE AGREEMENT:

1. Exterior Storage Space

The parties agree to increase the Premises with an inclusion of approximately sixty (60) square feet of exterior space for the storage of a KolPak refrigeration unit into the leased Premises as designated on the plan attached hereto as Exhibit A-1.

Rent for the additional sixty (60) square feet of exterior storage space will be charged in addition to and separate from Fixed Minimum Rent for the Premises. Commencing on the first day of the month following installation of the KolPak refrigeration unit, monthly Rent for the exterior storage space shall equal One Hundred and Four Dollars (\$104), which shall be subject to periodic adjustments as described in subparagraph 5 (b) of the Lease Agreement. In no event shall Fixed Rate Percentage Rent be reduced by Rent for the exterior storage space.

Installation of the refrigeration unit constitutes as a Tenant Improvement and is subject to provisions as described in subparagraph 7 (a) and Section 8 of the Lease Agreement. Tenant, at Tenant's sole cost, shall pay all costs for acquisition and installation, and provide for appropriate maintenance and repairs of the refrigeration unit to ensure continued operability.

All terms and conditions of the original Lease dated February 16, 1994, as modified by the First, Second, Third, Fourth, and Fifth Amendments to said Lease are hereby ratified and confirmed by this reference incorporated herein.

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

LANDLORD:
SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision
of the State of California,

ATTEST:

Port Director, Marian Olin

By: _____
Chairman: _____

TENANT:
HARBOR CULINARY ENTERPRISES, INC, a California corporation

By: _____
President: _____



Exhibit A-1

493 Lake Avenue
Johnny's Harborside
Exterior Refrigeration Unit
Approx 6'x10'
NOT TO SCALE

LEASE BETWEEN
SANTA CRUZ PORT DISTRICT COMMISSION,
AS LANDLORD
AND
FUEGO & HIELO, INC.,
AS TENANT
FOR ROSA'S RESTAURANT

DATED: February 16, 1994

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List of Exhibits

- | | | |
|-------------|---|---|
| Exhibit "A" | - | Description of Building, Premises, and Public Areas |
| Exhibit "B" | - | Tenant's Improvements |
| Exhibit "C" | - | Utilities Responsibilities |

LEASE

THIS LEASE is made and entered into as of February 16, 1994 (the "Effective Date") by and between the SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision, 135 Fifth Avenue, Santa Cruz, California 95062, hereafter referred to as "Landlord," and Fuego & Hielo, Inc., a California corporation, hereafter together referred to as "Tenant."

RECITALS

A. Landlord is the owner of those certain premises (the "Premises") consisting of approximately 2,400 square feet of improved building space situated on the second floor of a two-story building (the "Building") located in the City and County of Santa Cruz, State of California. The Building and the Premises are more particularly shown and described in Exhibit "A" attached hereto and incorporated herein by this reference.

B. The Building has been improved to allow operation of a restaurant in the Premises. Access to the Premises from the wharf at the base of the Building is via an outdoor staircase, elevator, and bridgeway (collectively, the "Stairwell"), all of which are shown on Exhibit "A" hereto.

C. Landlord desires to lease the Premises to Tenant for the operation of a restaurant therein.

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

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

2. Tenant Improvements. As of February 16, 1994, Tenant shall have purchased at its expense, and installed or constructed on the Premises, the equipment, furnishings, and improvements specified on Exhibit "B" attached hereto and incorporated herein by this reference (collectively, the "Tenant's Improvements").

3. Term.

(a) Term. The term of this Lease commences as of February 16, 1994, and shall continue hereunder until midnight on February 15, 1998, unless sooner terminated as provided herein.

The term of this Lease is hereinafter referred to as the "lease term" or "term."

(b) Option to Extend. Tenant shall have two options to extend the term of this Lease. The first option term shall be from February 16, 1998 through February 15, 2002 (the "First Extended Term"). Tenant shall exercise the first option, if at all, by delivering to Landlord written notice of Tenant's intention to exercise said option no earlier than August 15, 1997, and no later than December 15, 1997. The second option term will commence on February 16, 2002, and end on August 15, 2005 (the "Second Extended Term"). The First Extended Term and Second Extended Term are herein sometimes individually called an "Extended Term," and together the "Extended Terms." Tenant shall exercise the second option, if at all, by delivering to Landlord written notice of Tenant's intention to exercise said option no earlier than August 15, 2001, and no later than December 15, 2001. In no event shall any purported exercise by Tenant of either such option to extend pursuant to this Paragraph 2(b) be effective if (i) Tenant is in default under this Lease as of the date of its attempted exercise of said option, (ii) Tenant shall have been in default under this Lease more than once during any twelve (12) month period, or (iii) Tenant shall be in default hereunder as of the date the extended term would otherwise have commenced. The second option is not exercisable unless the first option has been exercised. The provisions of this Lease shall be fully applicable during the Extended Terms, if any, provided that Tenant shall have no further option to extend the Lease term unless otherwise agreed in writing by the parties. Time is of the essence with respect to the time of exercise of the options.

4. Title to Improvements. All sums paid by Tenant as bid amounts in order to acquire the right to execute this Lease shall be retained by Landlord and credited toward the amount of the Deposit specified in Paragraph 5(e). Title to any and all improvements purchased by Tenant and already installed or incorporated into the structure of the Building prior to termination of the lease term shall immediately upon such termination vest in Landlord without additional cost or expense to Landlord, and Tenant shall execute such additional documents as Landlord may reasonably require to effectuate such transfer of title.

5. Rent.

(a) Fixed Minimum Rent. Beginning on February 16, 1994, and continuing thereafter through the term of this Lease, Tenant shall pay to Landlord each month a fixed amount of rent ("Fixed Minimum Rent") which shall initially be equal to One Thousand Five Hundred Dollars (\$1,500), and which shall be subject to periodic adjustment as described in subparagraph 5(b).

Notwithstanding the foregoing, Landlord and Tenant acknowledge that from and after August 16, 1993, Tenant has been operating its business on the Premises and had paid Landlord rent and other charges for the Premises for the period from August 16, 1993 through February 15, 1994. Landlord acknowledges receipt of such sums and both parties acknowledge that no further sums are payable by Tenant for rent or other charges for the period from August 16, 1993 through February 15, 1994.

(b) Adjustment of Fixed Minimum Rent. From and after February 16, 1996, and subject to the following sentence, the Fixed Minimum Rent payable each lease month shall be equal to seventy five percent (75%) of the quotient of (i) eight percent of Tenant's Gross Income for the same lease month in the preceding two lease years, divided by (ii) two. In no event shall the amount of Fixed Minimum Rent for any lease month be adjusted to equal an amount less than One Thousand Five Hundred Dollars (\$1,500).

(c) Payment of Fixed Minimum Rent. Fixed Minimum Rent shall be payable monthly in advance, without offset or abatement, on the fifteen day of each calendar month of the lease term. All rent and other sums payable by Tenant hereunder shall be paid to Landlord in currency of the United States of America (or by personal check unless Landlord otherwise 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) Fixed Rate Percentage Rent.

(1) Tenant shall also pay to Landlord, in addition to monthly Fixed Minimum Rent as determined pursuant to Paragraph 5 above, on or before the 5th day following the close of each calendar month during the lease term Percentage Rent for the immediately preceding lease month equal to eight percent (8%) (which percentage rate is not subject to adjustment) of its Gross Income, as reduced (but not below zero) by the amount of the Fixed Minimum Rent payable by Tenant to Landlord for each such month. "Gross Income" means the entire amount of the price charged by Tenant, whether wholly or partly for cash or on credit, or otherwise, for prepared food and beverages, and all charges for services sold or performed in connection with the preparation or sale of such items.

(2) Tenant shall keep upon the Premises or at Tenant's principal office true and complete records and accounts, including records of bank deposits, respecting all sales of food and beverages made by Tenant and all other individuals, corporations and other entities in, at, and from the Premises or from any other location in the Santa Cruz Small Craft Harbor, and

of all services rendered by Tenant in, at, and from the Premises. Said books and records shall include complete recordation of Tenant's Gross Income for purposes of calculating Percentage Rent due hereunder. On or before the fifth (5th) day of each calendar month during the lease term Tenant shall furnish to Landlord a true and accurate statement of all Gross Income for the preceding lease month, which statement shall be certified as true and correct by a responsible representative of Tenant. Tenant agrees to give Landlord access during normal business hours to Tenant's books and records. Landlord shall have the right at any time and from time to time to audit all of the books of account, records, sales tax returns, and bank statements of Tenant relating to Tenant's sales and Gross Income, and Tenant, on request of Landlord, shall make all such records available for examination by Landlord, or Landlord's duly authorized representative, at the Premises or at Tenant's principal office. Tenant shall keep all such records for a period of at least two years after the end of the lease year to which records relate. Tenant agrees by September 16 of each calendar year during the lease term to submit to Landlord a statement of Gross Income for such calendar year prepared and certified by a responsible representative of Tenant. The receipt by Landlord of any such statement or of any payment of Percentage Rent for any period shall not bind Landlord as to the correctness of such statement or of the amount of such payment. Within two (2) years after the receipt of any such statement, Landlord shall be entitled to cause an independent audit of the Gross Income to be made by a certified public accountant to be designated by Landlord. Such audit shall be limited to a determination of the Gross Income, shall be conducted during normal business hours, and shall occur either at the Premises or at the principal place of business of Tenant. If it shall be determined as a result of such audit that there has been a deficiency in the payment of Percentage Rent, then such deficiency shall become immediately due and payable with interest at the maximum rate then allowable by law from the due date. Payment of such interest shall not excuse or cure any default by Tenant under this Lease. If such audit shall disclose an additional liability for Percentage Rent as a result of any understatement, then Tenant shall pay all of Landlord's reasonable costs and expenses connected with such audit. If such audit shall disclose an understatement of Gross Income by more than two percent (2%), then Lessor may, in addition to any other remedies it has at law or in equity, terminate this Lease by written notice to Tenant given within thirty (30) days after Landlord's receipt of the audit report.

(3) Within thirty (30) days after the close of each lease year during the lease term, there shall be determined the Gross Income of Tenant during said year, the amounts paid to Landlord as Fixed Minimum Rent and as Percentage Rent for said year, and thereupon an adjustment between Landlord and Tenant

shall be made with respect to said rent for the prior year in the event that Tenant has paid more than or less than the total Fixed Minimum Rent and Percentage Rent for such calendar year provided for herein. If Tenant has paid more than the total Fixed Minimum Rent and Percentage Rent provided for herein for such lease year, then Tenant shall be entitled to a refund of such excess, which refund shall be credited against the Fixed Minimum Rent next due hereunder, and if Tenant shall have paid to Landlord during said lease year a sum less than the total Fixed Minimum Rent and Percentage Rent due hereunder, Tenant shall immediately pay such difference to Landlord.

(4) The term "lease year" means the period during the lease term commencing on February 16 of each year and ending at midnight on the 15th of February next succeeding. The term "lease month" means the period from the 16th day of each calendar month during the lease term through the 15th day of the next succeeding calendar month.

(e) Security Deposit. Landlord acknowledges that Tenant has deposited with Landlord the sum of One Thousand Five Hundred Dollars (\$1,500) (the "Deposit") as security for the faithful performance by Tenant of all of its obligations hereunder. If Tenant fails to pay rent or any other sums due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use, apply, or retain all or any portion of the Deposit for the payment of any rent or other sum in default, or to compensate Landlord for the payment of any other sum which Landlord may become obligated to spend by reason of Tenant's default, or to compensate Landlord for any expenditures, loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of the Deposit, Tenant shall within ten (10) days after written demand therefor deposit with Landlord an amount in cash sufficient to restore the Deposit to the full amount hereinabove stated. Landlord shall not be required to keep the Deposit separate from its general funds. The Deposit, less any portion thereof which Landlord is entitled to retain, shall be returned, without payment of interest, to Tenant within thirty (30) days after the later of expiration of the term hereof or the date on which Tenant vacates the Premises.

6. Use.

(a) Permitted Uses. Tenant shall use the Premises solely for the business of conducting therein and thereon a restaurant serving food and beverages.

(b) Provision of Services. Tenant shall maintain the necessary personnel, facilities and equipment at all times during the lease term to conduct a restaurant business on the Premises.

(c) Continuous Use. Tenant shall continuously and uninterruptedly during the lease term during all normal business hours and on such days as a majority of the other restaurant businesses in the Santa Cruz Small Craft Harbor are open for business, occupy and use the entire Premises for the purpose of operating a restaurant on the Premises. Tenant shall at all times employ its best business judgment, efforts, and abilities to so operate the business conducted by Tenant on the Premises in a manner calculated to service adequately the public demand for the goods and services included within the business permitted herein.

(d) Refuse Disposal. Tenant shall also be entitled to maintain and use a dumpster for the disposal of refuse generated from Tenant's operations on the Premises, which dumpster shall be situated at the location designated from time to time by Landlord. Landlord may change such location by notice to Tenant thereof, in which event Tenant will promptly relocate such dumpster.

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

First, that the Premises are intended to serve a public use and to provide needed goods and services to the public at a fair and reasonable cost; second, that Tenant is entitled to a fair and reasonable return upon its investment pursuant to this Lease.

In the event that the Port Director of the Santa Cruz Port District (the "Port Director") notifies Tenant that any of said prices are not fair and reasonable, Tenant shall have the right to confer with the Port Director and to justify said prices. If, after reasonable conference and consultation, the Port Director shall determine that any of said prices are not fair and reasonable, the same shall be modified by Tenant as directed.

Tenant may appeal the determination of the Port Director to the Santa Cruz Port District Commission, whose decision shall be final and conclusive. Pending such appeal, the prices fixed by the Port Director shall be the maximum charged by Tenant.

(f) Hazardous Materials.

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

upon the Premises or upon adjacent properties or improvements thereon.

(ii) No machinery or apparatus shall be used or operated on the Premises which will in any way injure the Premises, or adjacent properties or improvements thereon; provided, however, that nothing in this subparagraph 6(f)(ii) shall preclude Tenant from bringing, keeping, or using on or about the Premises such materials, supplies, equipment, and machinery as are appropriate or customary in carrying on its business, or from carrying on its business in all usual respects.

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

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

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

(vi) As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States government. The term "Hazardous Materials" includes, without limitation, any material or substance which is (A) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 30, (B) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery

Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. § 6903), or (C) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. § 9601).

(vii) The obligations of Tenant under subparagraphs 6(f)(i) through 6(f)(vi) shall survive the expiration of the Lease term.

(g) 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 therefor 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.

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

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

suitability of the Premises for Tenant's intended use, and Tenant waives all claims against Landlord regarding the suitability of the Premises for Tenant's intended uses.

7. Ownership of Improvements.

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

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

8. 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 lease term.

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

approvals. Tenant shall give at least five (5) days advance notice to Landlord before actually commencing any improvement work on the Premises. Upon completion of any such improvements, Tenant shall deliver to Landlord a complete set of "as built" plans respecting such improvements.

9. Taxes and Assessments.

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

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

10. Insurance.

(a) Casualty Insurance. Landlord shall, at Landlord's expense, procure and maintain in full force and effect at all times during the term of this Lease, fire and extended coverage insurance satisfactory to Landlord covering the Premises and all improvements therein in an amount not less than one hundred percent (100%) of the actual replacement cost thereof. The insurance provided for in this Paragraph 10(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.

(b) Liability Insurance. Tenant at Tenant's expense shall provide and keep in force at all times during the term of this Lease for the benefit of Landlord and Tenant general liability insurance policies with a recognized casualty insurance company qualified to do business in California and otherwise approved by Landlord in its reasonable discretion, 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 Two Million Dollars (\$2,000,000) 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 lease term, adequate insurance against liability arising on account of injuries or death to workers or employees on the Premises or any improvement of Tenant. Such worker's compensation insurance shall be in amounts at least equal to the maximum liability of Tenant, its agents, and contractors under the Worker's Compensation Insurance and Safety Act of the State of California.

(d) Other Insurance. Tenant shall procure, at Tenant's own cost and expense, and shall keep in force at all times during the lease term:

(1) Longshore harbor workers insurance for Tenant's employees to the extent required by law.

(2) Boiler and machinery insurance if at any time such equipment is located on the Premises.

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

(4) Other insurance in amounts from time to time reasonably required by Landlord against other insurable risks if at the time they are commonly insured against for premises similarly situated and containing comparable improvements.

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

(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 Lease are required to be in effect, two copies each of such policy or policies and to keep such insurance in effect and the policy or policies therefor on deposit with Landlord during the entire term of this Lease. Notwithstanding anything to the contrary contained in this Lease, since Tenant has had the right to commence construction on the Premises since the grant of the option to lease from Landlord to Tenant on April 1, 1993, and since Tenant performed substantial construction on the Premises subsequent to April 1, 1993 through the commencement of its business operations on the Premises on August 16, 1993, Tenant shall obtain all of the insurance policies required to be obtained and carried by Tenant under this Paragraph 10 effective as of April 1, 1993 and shall perform all of Tenant's other obligations under this Paragraph 10 starting effective as of

April 1, 1993. To the extent Tenant has not already delivered to Landlord policies of insurance evidencing the required coverage, Tenant shall do so concurrently with its execution of this Lease.

(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 Lease do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant to obtain (or may obtain at Tenant's expense) insurance sufficient in coverage, form and amount to provide adequate protection. Landlord's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks which exist at the time a change in insurance is required.

Landlord shall give Tenant written notice of changes in the insurance requirements 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 Lease. Notwithstanding said policy or policies of insurance, Tenant shall be obligated for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this Lease or with use or occupancy of the Premises.

(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 10, 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 10, procure or renew such insurance and pay any and all premiums therefor and all monies so paid by Landlord shall be repaid by Tenant to Landlord upon demand.

11. 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 Lease, any act or failure to act of Tenant or any employees, agents, contractors, customers, or other invitees of Tenant occurring in

or about the Premises, or installation 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 fire fighting equipment, which shall remain under the use, control, maintenance, and repair of Tenant. The foregoing provisions of this Paragraph 11(a) shall be operative as of April 1, 1993. The preceding sentence reflects the fact that Tenant has had the right to possession of the Premises since April 1, 1993, and conducted substantial construction and business operations on the Premises prior to February 16, 1994.

(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 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 prevent any such closures of the Santa Cruz Harbor; provided that, in the event any such closure shall be due to insufficient funding of Landlord, Landlord shall make a good faith effort to keep the Santa Cruz Harbor open during the portion of the year the public makes greatest use of harbor facilities. The provisions of this Paragraph 11(b) shall be operative from and after April 1, 1993.

(c) Landlord's Hold Harmless. Landlord hereby indemnifies and holds Tenant harmless from and against any and all damage to property or injury or death to any person and occurring in, on or about the "Public Areas" as shown and described on Exhibit "A" hereto, to the extent caused by Landlord's negligence or greater culpability. The provisions of this Paragraph 11(c) shall be operative from and after April 1, 1993.

12. 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 12(c) below, throughout the term of this Lease Tenant shall, at Tenant's sole cost and expense, maintain the interior of the Premises and every part thereof and all heating, ventilating, and air conditioning systems, mechanical systems, and utility systems (including without limitation conduits and wires relating thereto within walls or elsewhere up to the main distribution point for such utility) servicing the Premises, and all fixtures, machinery, and equipment located in or on the Premises and utilized in the conduct of Tenant's business in first class condition, order and repair, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (1) municipal, county, state, federal, and other governmental agencies and bodies having or claiming jurisdiction of the Premises and all their respective departments, bureaus, and officials; and (2) all insurance companies insuring all or any part of the Premises or improvements or both. For purposes of this paragraph, the obligation to repair includes the obligation to replace as and when reasonably necessary. Without limiting the foregoing, Tenant at Tenant's sole cost shall maintain in good and safe condition, order and repair, and replace as and when necessary, all improvements made by Tenant to the Premises. Similarly, Tenant at Tenant's sole cost shall cause all heating, ventilating, and air conditioning equipment serving the Premises, to be serviced no less often than once every six (6) months by a qualified serviceperson who shall perform routine maintenance (e.g. lubrication of machinery and changing of worn belts) and shall prepare a written report of recommended repairs which Tenant shall promptly cause to be performed at Tenant's sole cost. 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 lease term in keeping the Premises and the area within a one hundred (100) foot radius of the Stairwell 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 odors that Landlord in its reasonable discretion determines are offensive to emanate from the Premises.

(c) Landlord's Obligations. Notwithstanding anything to the contrary contained in this Paragraph 12, and subject to the provisions of Paragraph 15 below relating to damage and destruction, Landlord shall maintain in good condition, order and repair, and replace if and when necessary: (i) the structural portions of the exterior walls of the Building, (ii) the exterior surface of such walls to the mid-way plane between the interior and exterior surfaces of such walls (including any conduits situated within such walls), including exterior paint and texturing, and (iii) the structural portions of the second floor and first story floor of the Building, including any plywood subfloor, except to the extent any such maintenance is necessitated by damages due to the negligence or greater culpability of the tenant occupying the first floor of the Building (or a portion thereof). Landlord shall have no obligation to maintain or repair under this Paragraph 12(c) until a reasonable period of time after receipt by Landlord of notice from Tenant of the need therefor, specifying the nature of the maintenance or repair needed.

13. Utilities. Tenant shall pay promptly as the same become due and payable all bills and costs for water, gas, electricity, refuse pickup, sewer service charges, and any other utilities or services supplied to the Premises. Tenant shall also pay for all costs and connection charges for services and/or utilities it desires expanded or added to those presently available for Tenant's use. Landlord shall not be liable to Tenant for any interruption or failure of any utility or other services to the Premises. A schedule of utility responsibilities is attached as Exhibit "C."

14. Assignment and Subletting.

(a) Permitted Assignments and Subleases. Tenant shall be entitled to sublease or assign its interest in this Lease provided it first obtains Landlord's written consent thereto, which shall not unreasonably be withheld. In this connection, Tenant must demonstrate to Landlord's reasonable satisfaction that the proposed transferee is financially creditworthy, has sufficient experience in running a restaurant as to make it at least as likely to achieve the level of Percentage Rents as Tenant has achieved, and will operate a restaurant of the type and quality that Landlord determines is consistent with the mix of restaurants in the Port District and that supports the good reputation and image of Port District restaurants. No assignment or sublease respecting all or any portion of the Premises shall operate to release Fuego & Hielo, Inc., or any guarantor of its obligations hereunder, from liability for full performance of Tenant's obligations hereunder subsequent to the date of any assignment or sublease.

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

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

15. 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 10, and the proceeds of such insurance received by Landlord are sufficient to repair the damage (or in the event any lender shall require such insurance proceeds to be applied to pay any sums owed under its loan, the Department of Boating and Waterways is willing to lend to Landlord funds in an amount equal to the proceeds applied to pay down such lender's loan on such terms as are commercially reasonable in Landlord's reasonable judgment), Landlord shall at Landlord's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect.

(b) Partial Damage-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 Lease shall continue in full force and effect, or (b) give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention to

cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right, within ten (10) days after receipt of such notice, to agree in writing on a basis satisfactory to Landlord to pay for the entire cost of repairing such damage less only the amount of insurance proceeds, if any, received by Landlord, in which event this Lease shall continue in full force and effect, and Landlord shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such ten (10) day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

(c) Total Destruction. If at any time during the term hereof either the Premises or the improvements contained therein are damaged from any cause, whether or not covered by the insurance provided for in Paragraph 10, and such damage involves damage to the Building to the extent of eighty percent (80%) or more of the replacement value thereof (excluding excavations and foundations of the Building), including any total destruction required by any authorized public authority, this Lease shall at the option of Landlord terminate as of the date of such total destruction. Landlord shall exercise its right to terminate this Lease by delivery of notice to Tenant within thirty (30) days after the date that Tenant notifies Landlord of the occurrence of such damage. In the event Landlord does not elect to terminate this Lease, Landlord shall at Landlord's expense repair such damage as soon as reasonably possible, and this Lease shall continue in full force and effect.

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

(e) Abatement of Rent. Notwithstanding anything to the contrary contained elsewhere in this Lease, if the Premises are partially damaged and Landlord repairs or restores them pursuant to the provisions of this Paragraph 15, 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 leases when the thing leased is substantially or entirely destroyed, and agrees that such event shall be governed by the terms of this Lease.

(g) Lessee'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 15 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 15.

16. Eminent Domain.

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

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

(c) Partial Taking With Business Continued. If only part of the Premises is condemned and this Lease is not terminated as set forth above, then this Lease shall, as to the

condemned portion of the Premises, terminate as of the date possession of such portion is taken. The 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 5 hereof.

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

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

17. Tenant Default. Tenant shall be deemed in default under this Lease upon occurrence of any of the following: (a) Tenant fails to pay a monetary sum when due under this Lease (provided that, Tenant shall not be deemed in default if Tenant pays such sum within 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); (b) Tenant fails to perform any of its other obligations under this Lease; provided that, if such failure is of the nature that it may be cured, Tenant shall not be deemed in default if Tenant cures such failure within twenty (20) days after notice from Landlord of such failure, (c) Tenant's interest in the Premises or the Lease, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions of this Lease), including, without limitation, the filing of an action by or against Tenant, or any member of Tenant if Tenant is a partnership or joint venture, under any insolvency or bankruptcy laws, or if Tenant makes a general assignment for the benefit of

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

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

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

(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 Lease or which in the ordinary course of things would be likely to result therefrom.

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

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

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

18. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants, agreements, or conditions of this Lease, or for the recovery of the possession of the Premises, the prevailing party shall be entitled to recover from the other party, as a part of the prevailing party's costs, reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

19. Removal of Property. Tenant hereby irrevocably appoints Landlord as agent and attorney in fact of Tenant, to enter upon the Premises, in the event of a default by Tenant hereunder, and to remove any and all furniture and personal property whatsoever situated upon the Premises, and to place such property in storage for the account of and at the expense of Tenant. In the event that Tenant shall not pay the cost of storing any such property after the property has been stored for a period of 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 or charges for storing any such property; third, to the payment of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms hereof; and fourth, the balance, if any, to Tenant.

20. Subordination.

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

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

21. Landlord's Right to Re-Enter.

(a) Peaceable Surrender. Tenant agrees to yield and peaceably deliver possession of the Premises to Landlord on the date of termination of this Lease, regardless of the reason for such termination. Upon giving written notice of termination to Tenant, Landlord shall have the right to re-enter and take possession of the Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the Lease and re-entry of the 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 re-enters and takes possession of the Premises in a lawful manner.

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

22. Reservations to Landlord. The Premises are accepted by Tenant subject to any and all existing easements and encumbrances. Landlord reserves the right to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, and connections; water and gas conduits; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, and along any part of the Premises, and to enter the Premises for any and all such purposes. Landlord also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, and along any and all portions of the Premises.

No right reserved by Landlord in this clause shall be so exercised as to interfere unreasonably with Tenant's operations hereunder.

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

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

Landlord: SANTA CRUZ PORT
DISTRICT COMMISSION
135 Fifth Avenue
Santa Cruz, California 95062

Tenant: FUEGO & HIELO, INC.
493 Lake Avenue
Santa Cruz, California 95062

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

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

25. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this Lease, other than the failure of Tenant to pay the

particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. Landlord's acceptance of partial payments of rent or any other sum due hereunder shall not be deemed a waiver of its right to recover the full amount of such payment and shall not be deemed an accord and satisfaction whether or not the amount due is disputed by the parties.

26. 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.

27. 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.

28. 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.

29. Entry by Landlord. Landlord and its agents shall be entitled to enter into and upon the Premises at all reasonable times, upon reasonable oral or written 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 Lease, to place upon the Premises any usual or ordinary "for lease" 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.

30. General.

(a) Entire Agreement. This Lease, together with all Exhibits attached hereto which are incorporated herein by this

reference, contains all of the terms, covenants, and conditions agreed to by Landlord and Tenant relating to the Premises and the subject matter hereof, and supersedes all promises and agreements, written or oral, by either party to the other relating in any way to the Premises which are not expressly set forth herein. Tenant is not relying on any representations or warranties made by Landlord, and acknowledges that Landlord has not made any representations or warranties to Tenant, except as may expressly be set forth herein. This Lease cannot and shall not be amended orally or in any manner other than by an agreement in writing signed by both Landlord and Tenant or their respective successors in interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

"LANDLORD"

SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision

ATTEST:

Brian Foss

BRIAN FOSS
PORT DIRECTOR
SANTA CRUZ PORT DISTRICT

By: *Donald Fraser*

~~Brian Foss
Port Director~~

DONALD FRASER
CHAIRMAN
SANTA CRUZ PORT
DISTRICT COMMISSION

"TENANT"

FUEGO & HIELO, INC.
a California corporation

By: *Lee von Rhau*

Lee von Rhau

Its President

By: *David Gutierrez*

David Gutierrez

Its *President*

*April 12, 1994
Signature date by
Fuego & Hielo Inc.*

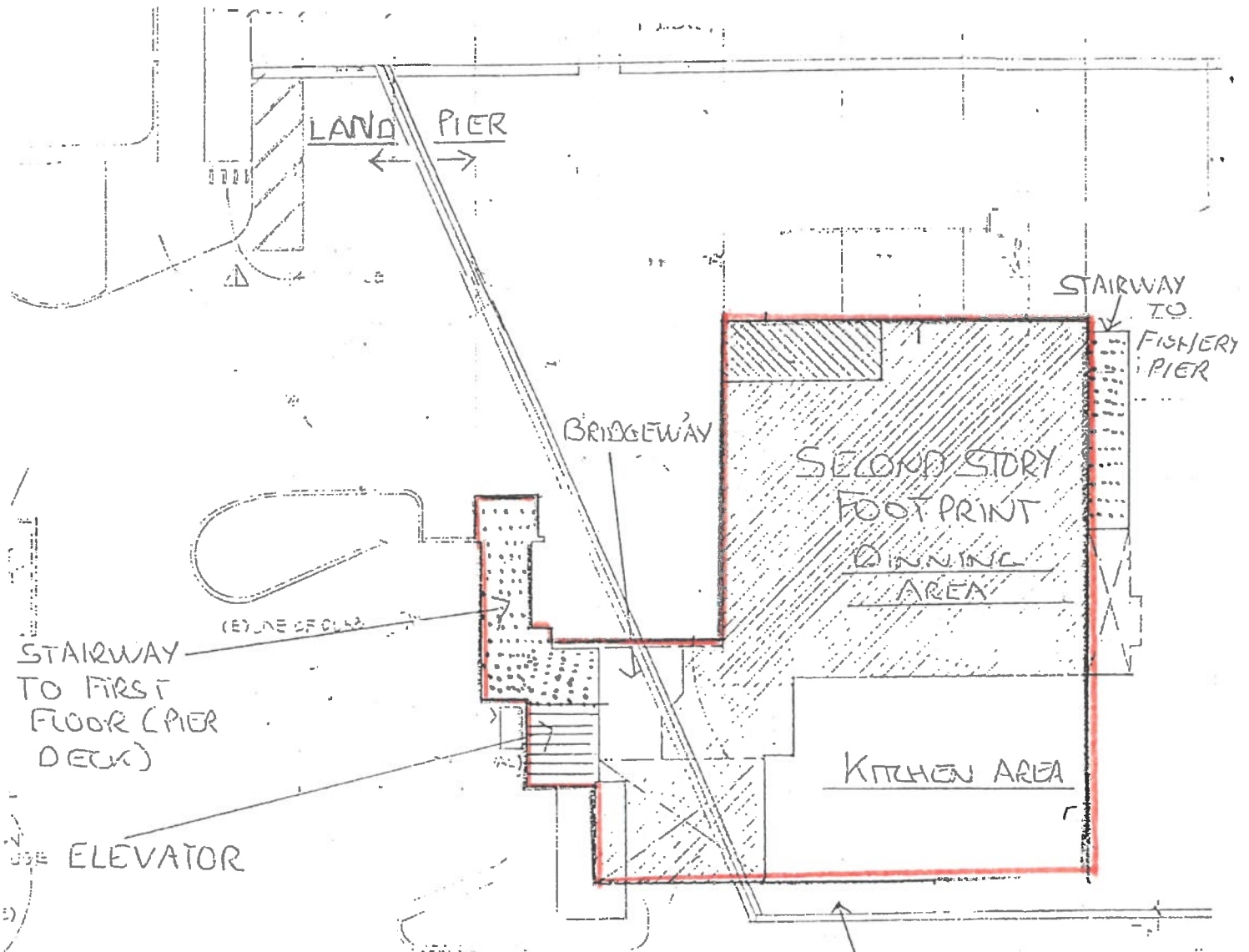
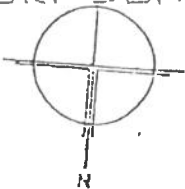


EXHIBIT "A-2"

LEASED SPACE

FUEGO & HIELO - SANTA CRUZ
 PORT DISTRICT LEASE AUG. 16, 1993.



COMMERCIAL FISHERY BUILDING

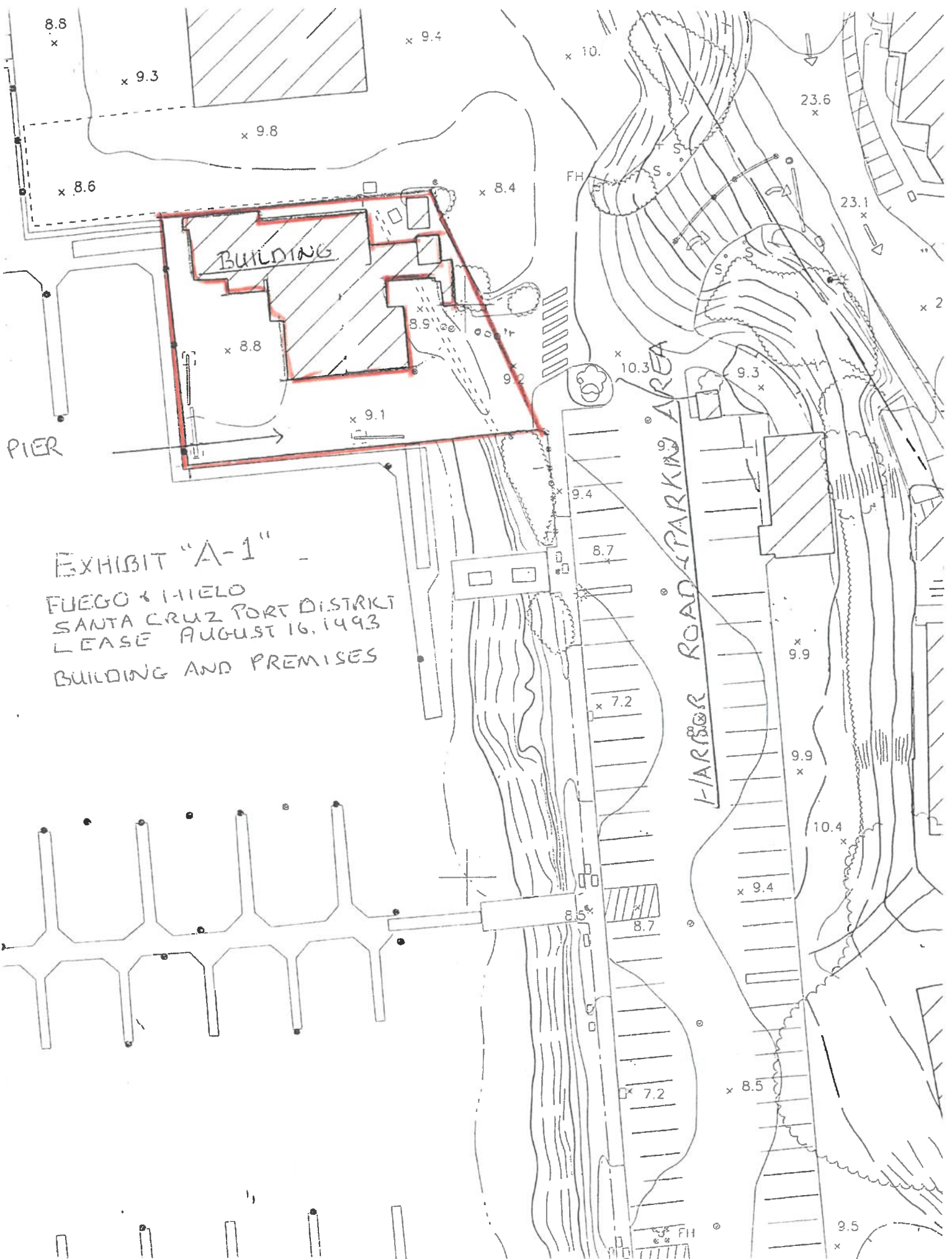


EXHIBIT "A-1" -
 FUEGO & HIELD
 SANTA CRUZ PORT DISTRICT
 LEASE AUGUST 16, 1993
 BUILDING AND PREMISES

EXHIBIT "B"

Leased Space

Fuego & Hielo
Santa Cruz Port District Lease

Tenant Improvements:

- Kitchen Reconfiguration
- All Appliances
- Counters
- Floor Improvements
- Doorway Improvements
- Tables, Chairs
- Table Services
- Walk-in Cooler

BEF:keb
05/05/94

EXHIBIT "C"

Utilities Responsibilities

Fuego & Hielo
Santa Cruz Port District Lease

Electric:

Tenant shall secure electrical service for Pacific Gas and Electric service (meter #15169T) to the premise. Landlord will credit \$170.00 per month for electric use by Landlord for public restroom and outside lights, which are on the same circuit. Except that by September 1, 1994, Landlord will install a submeter on the subject service and thereafter Tenant will be given credit for each month for the Landlord's exact electrical usage, as per the submeter reading.

Gas Service:

Premises is on a separate submeter of Landlord's main meter. Landlord will bill monthly.

Water:

Water service to Premises is supplied through a Port District submeter. Landlord will bill Tenant on a quarterly basis for cost of water.

Sewer:

Sewer service is charged to Landlord by County of Santa Cruz. Landlord will pass on cost of sewer on an annual basis.

Elevator:

Landlord will maintain elevator. Tenant must report problems in a timely manner.

Grease Trap:

A 1,000-gallon grease trap is provided. Tenant shall maintain grease trap.

Refuse/Garbage:

Landlord will provide a suitable dumpster area southeast of the Premises. City of Santa Cruz provides pickup service. Tenant shall pay for service.

05/05/94

GUARANTY OF LEASE

THIS GUARANTY OF LEASE is made as of February 16, 1993, by Lee von Rhau and David Gutierrez, each as individuals (collectively, "Guarantors"), for the benefit of THE SANTA CRUZ PORT DISTRICT, a political subdivision ("Landlord").

RECITALS:

A. Fuego & Hielo, Inc., a California corporation, is the Tenant under that certain lease (the "Lease") with Landlord dated February 16, 1993, respecting premises (the "Premises") located within the Santa Cruz Harbor consisting of a restaurant situated on the second floor of a two-story building, all as more particularly described in the Lease.

B. Guarantors are the principal shareholders of Tenant.

C. As a condition to entering into the Lease, Landlord requires that Guarantors guarantee the full performance of the obligations of Tenant under the Lease.

D. Guarantors will receive substantial benefit from the Lease and are desirous that Tenant enter into the Lease with Landlord.

NOW, THEREFORE, in consideration of the execution of the Lease by Landlord and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, Guarantors covenant and agree as follows:

1. Guarantee. Guarantors hereby absolutely and unconditionally guarantee the full and faithful performance of each and all of the covenants, conditions, agreements and undertakings of Tenant to be kept and performed by Tenant under and pursuant to the provisions of the Lease including, but not limited to, the payment when due of all rent, additional rent, and other sums payable by Tenant to Landlord under the Lease.

2. Obligations of Guarantors Not Affected. Guarantors' obligations under this Guaranty of Lease shall not be extinguished, discharged, diminished or reduced in any way by any modification or amendment of the Lease including, but not limited to, any modification of payment dates or amounts, or any subsequent sublease or assignment of the Lease made with or without the consent of Landlord. Guarantors hereby waive any right to approve any modification or amendment of the Lease.

3. Obligations of Guarantors Upon Default by Tenant. In the event of any default by Tenant under the terms of the Lease, Guarantors, upon written demand by Landlord, shall immediately

14. Attorneys' Fees. Guarantors agree to pay Landlord's reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection, or in any negotiations relative to the obligations hereby guaranteed, or incurred enforcing this Guaranty against either or both of the Guarantors. In addition, in the event of any dispute between the parties arising under this Guaranty of Lease, or the breach of any covenant or condition under this Guaranty of Lease, then the prevailing party shall be entitled to have and recover from the party not so prevailing the attorneys' fees and costs incurred by the prevailing party, whether such fees and costs are incurred in taking any action under this Guaranty of Lease, or in any judicial proceeding (including appellate proceeding). "Prevailing party" for the purposes of this Paragraph 14 shall include, without limitation, the party who receives from the other party the sums allegedly due, performance of the covenants allegedly breached, consideration substantially equal to that which was demanded, or substantially the relief or consideration sought in any judicial proceeding whether or not such proceeding is prosecuted to final judgment, or a party who dismisses a judicial action in return for substantially the performance or relief sought or the payment of the sums allegedly due.

15. Continuity. This Guaranty will continue unchanged by any bankruptcy, reorganization or insolvency of Tenant, or any successor or assignee thereof, or by any disaffirmance or abandonment by a trustee of Tenant.

16. Time of the Essence. Time is of the essence with respect to the performance of each and every provision of this Guaranty of Lease.

17. Governing Law. This Guaranty of Lease shall be construed and interpreted in accordance with the laws of the State of California.

18. Captions. The captions and paragraph numbers appearing in this Guaranty of Lease are inserted only as a matter of convenience and are not to be used to interpret this Guaranty of Lease.

19. Examination of Lease. Guarantors acknowledge that they have (a) received a copy of the Lease, (b) read and understood the terms and provisions of the Lease including, but not limited to, the covenants, conditions, agreements and undertakings of Tenant to be kept and performed by Tenant under the Lease, (c) read and understood the provisions of this Guaranty of Lease, and (d) understood the obligations of Guarantors under this Guaranty of Lease, including the legal effect of such obligations and have been advised by legal counsel respecting such obligations.

20. Binding on Successors. Guarantors shall not assign any of their obligations hereunder by operation of law or otherwise, and any attempted assignment shall at Landlord's sole option, be void. Subject to the foregoing, the obligations of Guarantors under this Guaranty shall be binding on Guarantor's successors.

IN WITNESS WHEREOF, Guarantors have executed this Guaranty of Lease as of the date first hereinabove set forth.

"GUARANTORS"

Lee von Rhau, an individual

David Gutierrez, an individual

Consent of California Department of Boating and Waterways.

This lease document has been approved by the California Department of Boating and Waterways, in accordance with Section 72 of the California Harbors and Navigation Code.

FIFTH AMENDMENT TO LEASE

THIS Amendment is made and entered into as of the ___ day of _____, 2016, by and between SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision of the State of California, 135 Fifth Avenue, Santa Cruz, Santa Cruz County, California 95062 (Landlord), and HARBOR CULINARY ENTERPRISES, INC., a California corporation, 493 Lake Avenue, Santa Cruz, Santa Cruz County, California 95062 (Tenant).

RECITALS:

WHEREAS, the parties entered into that certain Lease dated February 16, 1994, (the Lease); and

WHEREAS, the current Lease extends through August 15, 2016, with one five (5) year option remaining, said option extending to August 15, 2021;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

THE AGREEMENT:

All terms and conditions of the original Lease dated February 16, 1994, as modified by the First, Second, Third and Fourth Amendments to said Lease are hereby ratified and confirmed and by this reference incorporated herein.

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

ATTEST:



Port Director, ~~Lisa Elers~~
Marian Oler

LANDLORD:
SANTA CRUZ PORT DISTRICT COMMISSION, a
political subdivision of the State of California,

By: 

Chairman:

TENANT:
HARBOR CULINARY ENTERPRISES, INC, a California
corporation

By: 

President:

FOURTH AMENDMENT TO LEASE

THIS amendment is made and entered into as of the 1st day of August 2010, by and between SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision of the State of California, 135 Fifth Avenue, Santa Cruz, Santa Cruz County, California 95062 (Landlord), and HARBOR CULINARY ENTERPRISES, INC., a California corporation, 493 Lake Avenue, Santa Cruz, Santa Cruz County, California 95062 (Tenant).

RECITALS:

WHEREAS, the parties entered into that certain Lease dated February 16, 1994, (the Lease); and
WHEREAS, the current Lease extends through 8/15/2011 with two, five (5) year options with the last of said options extending to 8/15/2021; and
WHEREAS, the parties have agreed to modify the Lease by adding certain provisions thereto;


NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

THE AGREEMENT:

1. **Term.** The term of the Lease shall be unchanged by this amendment.
2. **Base Rent.** The parties agree to replace the language in Sec. 5(b) with:
Adjustment of Fixed Minimum Rent. From and after May 1, 2010, and subject to the following sentence, the Fixed Minimum Rent payable each lease month shall be equal to 1/12th of seventy five percent (75%) of the yearly average of Tenant's prior two years Percentage Rent calculation. In no event shall the amount of Fixed Minimum Rent for any lease month be adjusted to equal an amount less than four thousand eight hundred and seventy-five dollars (\$4875).
3. **Percentage Rent.** The parties agree to replace the term in Sec. 5(d)(1) referencing eight percent (8%) with
six and one-half percent (6.5%).
4. All terms and conditions of the original Lease dated February 16, 1994, not modified by this amendment are hereby ratified and confirmed and by this reference incorporated herein.

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

ATTEST:



Port Director, Lisa Ekers

LANDLORD:

SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision of the State of California,

By: 

Chairman: CHARMANN

TENANT:

HARBOR CULINARY ENTERPRISES, INC, a California corporation

By: 

President: RICHARD KASH

THIRD AMENDMENT TO LEASE

THIS AGREEMENT is entered into between the SANTA CRUZ PORT DISTRICT, a political subdivision of the State of California, hereinafter referred to as "Landlord," and JOHN MESA, hereinafter referred to as "Tenant."

RECITALS

A. Tenant John Mesa is the assignee of the Lease dated February 16, 1993, and First and Second Amendments to Lease (hereinafter the "Lease"), whereby Landlord originally leased to Fuego and Hielo, certain premises (hereinafter "the Premises") more particularly described in the Lease, and First and Second Amendments to Lease dated February 15, 1994, restaurant space formerly known as Rosa's Rosticeria.

B. The Premises comprise the second floor of a two-story building (hereinafter the "Building").

C. The parties hereto now desire to amend the Lease and the First and Second Amendments to Lease in order to provide for:

- (1) Modifications and improvements to Premises;
- (2) An extension of the term of the Lease for two additional five-year options.

NOW THEREFORE, in consideration of the mutual agreements of the parties, and other valuable consideration, the receipt and adequacy of which the parties mutually acknowledge, the parties hereby agree as follows:

1. Tenant agrees to complete the following:
 - (a) Demolish and refurbish kitchen area and replace equipment;
 - (b) Replace entry stairway;
 - (c) Replace dining room and kitchen floor surfaces.
2. Landlord agrees to complete the following:
 - (a) Repair water damage to kitchen area floor substructure and contribute \$3,000 toward the finished kitchen floor surface;
 - (b) Demolish entry stairway and lower deck;
 - (c) Grant two, five-year options as detailed below, upon the completion of above Tenant responsibilities.
3. Term and Option to Extend

The parties desire to add additional fourth and fifth options to extend the Lease. The current Lease provides for a third option, which will commence on August 16, 2005, and would end on August 15, 2011, which is the Third Extended Term. The parties agree to have a "Fourth Extended Term" which would commence on August 16, 2011, and end on August 15, 2016; and, a "Fifth


Extended Term” which would commence on August 16, 2016, and end on August 15, 2021. Tenant shall exercise the Fourth, if at all, by delivering to Landlord written notice of Tenant’s intention to exercise said option no later than December 15, 2010; and the Fifth, if at all, by delivering to Landlord written notice of Tenant’s intention to exercise said option no later than December 15, 2015. In no event shall any purported exercise by Tenant of any option to extend pursuant to Paragraph 2(b) of the original Lease dated February 16, 1993, or any amendments thereto, including but not limited to this Third Amendment to Lease, if (1) Tenant is in default under this Lease or any of its Amendments as of the date of its attempted exercise of said option, (2) Tenant shall have been in default under the Lease or any of its Amendments more than once during any twelve (12) month period, or (3) Tenant shall be in default hereunder as of the date of the extended term would otherwise have commenced. The Fourth Option is not exercisable unless the First, Second and Third Options have been exercised; and the Fifth Option is not exercisable unless the Fourth Option has been exercised. The provisions of this Lease and any Amendments thereto shall be fully applicable during the Extended Terms, if any, provided that Tenant shall have no further option to extend the Lease term unless otherwise agreed in writing by the parties. Time is of the essence with respect to the time of exercise of the options.

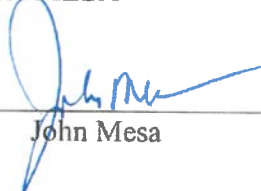
The above Fourth and Fifth Options may only be exercised if the gross sales for the twelve months preceding the option request date, are in excess of \$800,000, as adjusted by the SF/OAK/SJ CPI.u from December 31, 2004, to each option request date.


4. This Agreement is effective upon the signature of this Agreement by the parties.

Landlord:
SANTA CRUZ PORT DISTRICT, a political
subdivision of the State of California

Tenant:
JOHN MESA

By: 
Brian E. Foss, Port Director
Santa Cruz Port District

By: 
John Mesa

By: 
Mark A. Nicklanovich, Chairman
Santa Cruz Port Commission

SECOND AMENDMENT TO LEASE

THIS AGREEMENT is entered into between the SANTA CRUZ PORT DISTRICT, a political subdivision of the State of California, hereinafter referred to as "Landlord", and FUEGO & HIELO INC., a California corporation, hereinafter referred to as "Tenant."

RECITALS

A. Landlord and Tenant have entered into a Lease dated February 16, 1993, (hereinafter the "Lease") whereby Landlord leased to Tenant and Tenant leased and hired from Landlord, certain premises (hereinafter "the Premises") more particularly described in the Lease, and first Amendment to Lease dated February 15, 1994.

B. The Premises comprise the second floor of a two-story building (hereinafter the "Building").

C. The parties hereto now desire to amend the Lease and the First Amendment to Lease in order to provide for:

- (1) The inclusion in their Lease additional Premises in the amount of eight hundred (800) square feet for the outside deck on the ground level of the fishery pier;
- (2) The inclusion of the deck area as the responsibility of the Tenant to maintain; and
- (3) An extension of the term of the Lease for an additional six-year option.

NOW THEREFORE, in consideration of the mutual agreements of the parties, and other valuable consideration, the receipt and adequacy of which the parties mutually acknowledge, the parties hereby agree as follows:

1. Increased Square Footage
The parties agree to increase the Premises with an inclusion of approximately eight hundred (800) square feet for the outside deck area on ground level of the fishery pier into the leased Premises as designated on the plan attached hereto as Exhibit-B-1.
2. Ground Level Deck Area and Maintenance by Tenant
Inclusion of the ground level deck area as referred to in Paragraph 1 hereinabove as Tenant's obligation for maintenance, as provided for in Paragraph 12(a) of the original Lease between the parties dated February 16, 1993.
3. Term and Option to Extend
The parties desire to add an additional third option to extend to the Lease. The current Lease provides for a second option, which will commence February 16, 2002, and would end on August 15, 2005, which is the Second Extended Term. The parties agree to have a "Third Extended Term" which would commence on August 16, 2005, and end on

August 15, 2011. Tenant shall exercise the Third Option, if at all, by delivering to Landlord written notice of Tenant's intention to exercise said option no later than December 15, 2004. In no event shall any purported exercise by Tenant of any option to extend pursuant to Paragraph 2(b) of the original Lease dated February 16, 1993, or any amendments thereto, including but not limited to this Second Amendment to Lease, if (1) Tenant is in default under this Lease or any of its Amendments as of the date of its attempted exercise of said option, (2) Tenant shall have been in default under the Lease or any of its Amendments more than once during any twelve (12) month period, or (3) Tenant shall be in default hereunder as of the date the extended term would otherwise have commenced. The Third Option is not exercisable unless the First and Second Options have been exercised. The provisions of this Lease and any Amendments thereto shall be fully applicable during the Extended Terms, if any, provided that Tenant shall have no further option to extend the Lease term unless otherwise agreed in writing by the parties. Time is of the essence with respect to the time of exercise of the options.


4. Commercial Ice May Be Provided to Tenant

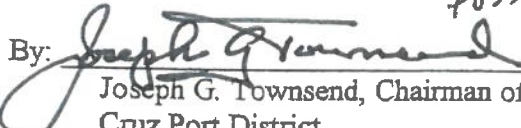
During the term of this Lease, the commercial fishery complex which operates at the pier level of the fishery building may or may not be producing commercial ice. If the commercial ice plant is in existence, and is being operated by the Fishery Tenant of the Port District, or by the Port District, then the Tenant may obtain up to two hundred pounds (200 lbs.) of ice per day at no additional cost. The parties acknowledge that if the ice plant does not exist or is not operated by the Fishery Tenant, then Tenant shall not be entitled to any ice. The parties also agree that Landlord will not be liable to Tenant for any cost, loss of business, or any damages in the event that ice is not available either on a temporary or a permanent basis.

5. Effective Date

This Agreement is effective upon the signature of this Agreement by the parties.

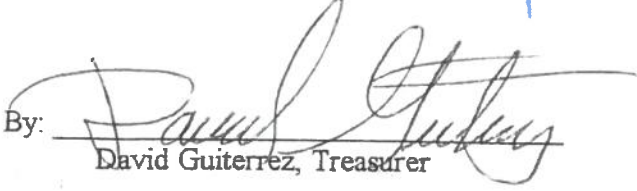
Landlord:
SANTA CRUZ PORT DISTRICT, a political
subdivision of California,

By: 
Brian Foss, Port Director for Santa Cruz
Port District
Brian Foss

By: 
Joseph G. Townsend, Chairman of Santa
Cruz Port District
*Port Commission approval
24 April 2001*

Tenant:
FUEGO & HIELO, INC., a California
corporation

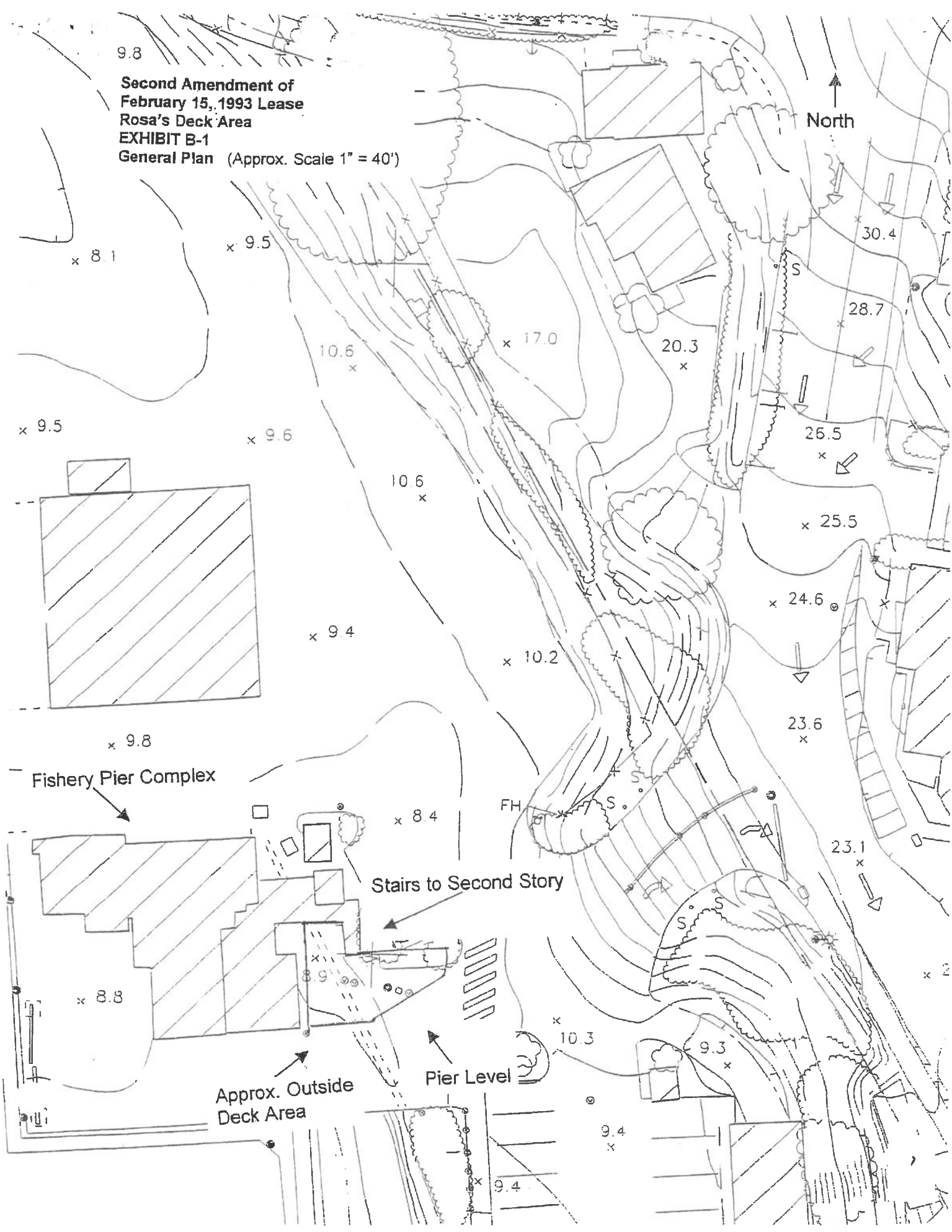
By: 
Lee M. Von Rhau, President

By: 
David Guterrez, Treasurer

9.8

**Second Amendment of
February 15, 1993 Lease
Rosa's Deck Area
EXHIBIT B-1
General Plan (Approx. Scale 1" = 40')**

North
↑



FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (the or this "Amendment") is entered into and effective as of FEBRUARY 16, 1994 (the "Effective Date"), by and between the SANTA CRUZ PORT DISTRICT, a political subdivision ("Landlord"), and FUEGO & HIELO, INC., a California corporation ("Tenant").

Recitals:

A. Landlord and Tenant have entered into that certain Lease dated February 16, 1993 (the "Lease"), whereby Landlord leased to Tenant, and Tenant leased and hired from Landlord, certain premises (the "Premises") more particularly described in the Lease.

B. The Premises comprise the second floor of a two-story building (the "Building").

C. Landlord and Tenant now desire to amend the Lease in order to provide for, among other things, (i) the construction by Tenant of a bar, (ii) a rent credit in connection therewith, (iii) acknowledgement of satisfaction of certain contingencies.

NOW, THEREFORE, in consideration of the mutual agreements of the parties contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, Landlord and Tenant agree as follows:

1. Construction of Bar and Other Improvements.

(a) Subject to the provisions of this Agreement, Tenant shall construct a liquor service bar, stair canopy and waterfall, certain modifications to the entryway to the Premises, and eliminate the existing office in the Premises (collectively the "Improvements"). The improvements are more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference. Prior to commencement of construction of any of the Improvements, Tenant at its sole cost shall prepare detailed plans and specifications for the Improvements and submit the same to Landlord for its approval, which shall not unreasonably be withheld.

(b) Tenant at its sole cost shall obtain any and all building permits and other governmental permits and approvals required to construct the Improvements. Landlord will sign applications therefor and otherwise cooperate with Tenant's efforts to obtain such permits and approvals. Tenant shall also be solely responsible for obtaining all governmental approvals for the sale

of liquor on the Premises, including without limitation a license for the sale of liquor from the Department of Alcoholic Beverage Control. Subject to obtaining all such requisite governmental permits and approvals, Tenant shall be entitled to serve beer, wine, and other alcoholic beverages to sit down patrons of the restaurant and/or bar. Tenant shall not sell any alcoholic beverages for purposes of consumption outside the Premises. Landlord makes no representations to Tenant regarding the ability of Tenant to obtain any permits or approvals required to construct the Improvements or to operate the bar and sell liquor, and Landlord shall have no liability to Tenant for any failure or inability of Tenant to obtain the same.

(c) Tenant estimates the cost of the Improvements together with the cost of the permit from the Department of Alcoholic Beverages Control will be approximately Twenty Thousand Dollars (\$20,000), and agrees to spend at least Fifteen Thousand Dollars (\$15,000) in connection with such construction and permit. Tenant shall pay all costs of construction of the Improvement, whether or not the final cost thereof exceeds Twenty Thousand Dollars (\$20,000), and Tenant shall not be entitled to any additional rent credits over and above those described in this Agreement regardless of the actual cost of construction. Tenant shall commence construction of the Improvements promptly after the Effective Date, and diligently and continuously proceed with such construction until completion thereof. Tenant shall use its best efforts as soon as reasonably possible after the Effective Date (i) to complete construction of the Improvements, (ii) to obtain all requisite governmental permits and approvals for operation of the bar and sale of liquor to patrons on the Premises, and (iii) to commence sales of beer, wine, and other alcoholic beverages from the bar. The Improvements shall be deemed improvements, alterations, and/or additions to the Premises which are subject to all of the other provisions of the Lease regarding improvements, alterations and additions.

2. Rent Credit. Upon the Effective Date, Tenant shall be entitled to a credit against next due sums of Fixed Minimum Rent and Percentage Rent in the amount of Five Thousand Dollars (\$5,000). Provided Tenant completes construction of the Improvements and commences sales of liquor from the bar by no later than ~~June 30~~ ^{July 31}, 1994, then as of ~~July 1~~ ^{August 1}, 1994, Tenant shall be entitled to receive an additional credit in the amount of Three Thousand Dollars (\$3,000) against next due sums of Fixed Minimum Rent and Percentage Rent otherwise payable under the Lease. In the event Tenant does not complete construction of the Improvements and commence sales of liquor from the bar by June 30, 1994, then (i) Tenant shall not be entitled to receive such rent credit of Three Thousand Dollars (\$3,000), and (ii) Tenant shall pay to

2 R.M.V. P.O.S. F. H. W.
J.M. Treas F & H W

Bank
J. G. Treas. f. H. Inc.

Landlord as additional Fixed Minimum Rent on ~~July 15~~^{AUGUST 15}, 1994, and as additional Percentage Rent on ~~August 5~~^{SEPTEMBER 5}, 1994, an aggregate sum of Five Thousand Dollars (\$5,000), allocated between Fixed Minimum Rent and Percentage Rent in the same ratio that the original Five Thousand Dollars (\$5,000) credit was allocated between Fixed Minimum Rent and Percentage Rent. The Five Thousand Dollars (\$5,000) of Fixed Minimum Rent and Percentage Rent referred to in the preceding sentence (i) shall be over, and above the Fixed Minimum Rent otherwise payable on ~~July 15~~^{AUGUST 15}, 1994 under the Lease, and over and above the Percentage Rent otherwise payable on ~~August 5~~, 1994 under the Lease, and (ii) for all purposes under the Lease (including calculation of adjustments to Fixed Minimum Rent) shall thereafter be deemed to have been paid by Tenant to Landlord on the dates and in the amounts that the original Five Thousand Dollar (\$5,000) rent credit was given to Tenant.

3. Contingencies. Tenant and Landlord dispute the effect of the "Contingencies" listed in the February 24, 1993 proposal by Tenant to Landlord regarding the Premises, a copy of which is attached as Exhibit "B" hereto and incorporated herein by this reference. Nonetheless, in consideration for the provisions of Paragraphs 1 and 2 above, Landlord and Tenant agree that said proposal document and such Contingencies shall have no force or effect whatsoever, and are superseded in their entirety by the provisions of the Lease. Tenant also acknowledges that notwithstanding anything discussed or decided by the Santa Cruz Port District Commission at its meeting of November 23, 1993, Tenant has no right to cause or force Landlord to construct or pay for the construction of any deck relating to the Premises, and waives all claims and rights against Landlord relating thereto, including without limitation any claims for costs incurred by Tenant to date relating to any deck contemplated by Tenant for the Premises.

4. Ice. During the term of this Lease, Tenant shall have the right to obtain ice from the ice plant located on the ground floor beneath the Premises so long as the tenant of said ground floor space continues to operate said ice plant. Tenant shall pay the purchase price, if any, required by the lessee of the ice plant equipment as and when obtaining ice. Upon written request by Tenant, but no more often than once each calendar quarter, Landlord shall rebate to Tenant an amount equal to any portion of such purchase price paid to Landlord by the lessee of such ice plant equipment under the ice plant equipment lease. If Tenant fails to request such a rebate for any such calendar quarter within three (3) months after the end of such calendar quarter, then Tenant shall be deemed to have waived its right to such a rebate. Landlord shall not have any independent obligation to make ice

available to Tenant if for any reason the ice plant ceases operation during the term of the Lease.

5. Jitney. Subject to the provisions of this Paragraph 5, Tenant shall have the right to operate a jitney to transport patrons of the restaurant on the Premises between their cars and the restaurant and over Landlord's private roadways. Tenant shall pay all costs of acquiring, owning, operating, and maintaining the jitney. Prior to using the jitney, Tenant shall at its sole cost obtain any and all governmental permits and approvals relating thereto. Landlord makes no representations to Tenant as to the ability of Tenant to obtain the same, and Landlord shall have no liability to Tenant for Tenant's inability or failure to obtain the same. Prior to using the jitney, Tenant at its sole cost shall obtain, and deliver to Landlord a complete copy thereof, a policy of comprehensive general public liability insurance insuring Tenant and Landlord against any injury or death to persons and any damage to property arising out of or resulting from Tenant's use and operation of the jitney. Such insurance shall have a single combined limit for property damage and personal injury of no less than Three Million Dollars (\$3,000,000). All such insurance shall be primary and non-contributing with any insurance carried by Landlord, and shall have a cross-liability endorsement. Tenant shall be entitled to operate the jitney only between the lower harbor launch ramp and the upper harbor, and shall not operate the same anywhere else within the Santa Cruz Port District. The jitney shall be a recognizable production model (rather than special built) automobile or van which seats a maximum of eight (8) persons. Tenant shall not use any jitney pursuant to this Paragraph 5 unless and until Landlord has first approved the aesthetics thereof, which approval shall be in Landlord's sole and reasonable discretion. Tenant shall not charge any money for providing the jitney service to its patrons. Tenant shall not provide the jitney service for any persons other than its patrons. Tenant shall maintain the jitney in good and safe operating condition at all times during the Lease term that Tenant operates the jitney. Tenant shall operate the jitney using the highest standards of safety for all passengers of the jitney and members of the public that may be in the vicinity of the jitney during its operation. Tenant shall cause the jitney to be driven only by California licensed drivers.

6. Deck. Tenant specifically acknowledges that Landlord shall have no obligation to construct or pay for the construction of any deck relating to the Premises.

7. Ratification. Landlord and Tenant ratify and affirm the Lease as amended by this Amendment.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be executed by their duly authorized officers as of the Effective Date.

"Landlord"

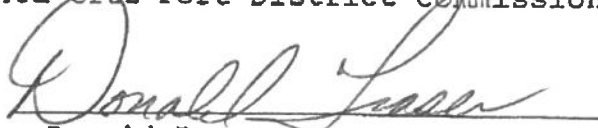
ATTEST:



Brian Foss
Port Director
Santa Cruz Port District

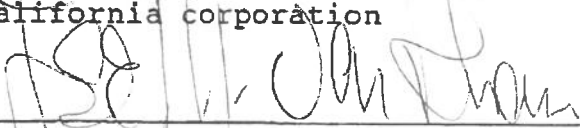
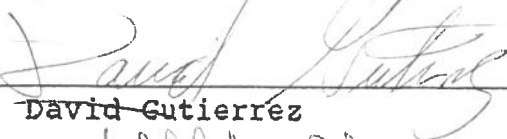
SANTA CRUZ PORT DISTRICT,
a political subdivision

By Santa Cruz Port District Commission


Donald Fraser
Its Chairman

"Tenant"

FUEGO & HIELO, INC.,
a California corporation


By Lee M. von Rhau, President
By David Gutierrez

Its PROXY

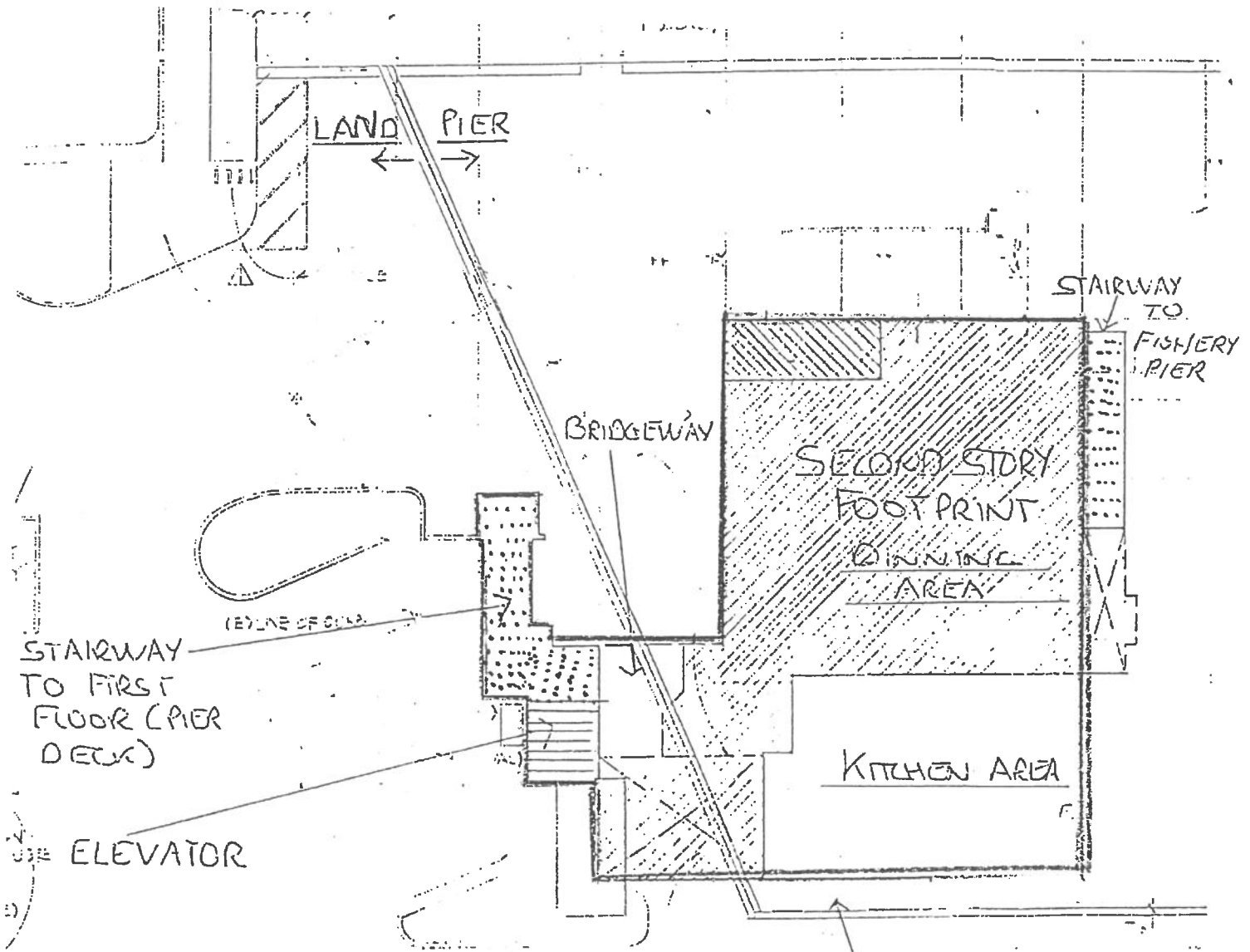
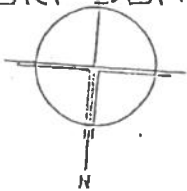


EXHIBIT "A-2"

LEASED SPACE

FUEGO & HIELD - SANTA CRUZ

PORT DISTRICT LEASE AUG. 16, 1993



COMMERCIAL FISHERY BUILDING



TO: Port Commission

FROM: Marian Olin, Port Director

DATE: May 20, 2019

SUBJECT: Award of Contract for 2019-20 Sediment Sampling and Analysis Plan Services (NTE \$60,000)

Recommendation: *Award contract and authorize Port Director to execute a contract with Red Hills Environmental, LLC, in the amount of \$54,336.25, plus a 10% contingency (\$5,663.75) for Sediment Sampling and Analysis Plan services, not to exceed \$60,000.*

BACKGROUND

Each year, prior to commencing dredging for the season, the Port District is required to prepare and submit a sediment Sampling and Analysis Plan (SAP) to regulators for review and approval. The plan describes the sediment sampling and testing proposed for each area to be dredged.

Maintenance dredging of the federal entrance channel occurs each year. Permits require physical testing of the entrance material every other year. Sampling was last performed in 2017, so physical analysis is required in 2019.

For the inner harbor, staff assesses dredging needs and performs bathymetric surveys. If it is confirmed that an area is less than design depth, it may be proposed for maintenance dredging. Sediment sample locations and a proposed testing plan are then submitted to regulators. Once regulators approve the sampling and analysis plan, sediment samples are collected and undergo required testing. In addition to physical testing, inner-harbor material that is less than 80% sand also requires chemical and biological testing.

The following inner-harbor areas will be sampled and tested to determine suitability for dredging with nearshore disposal:

- North Harbor Area 1: X/J channel, berthing areas and culvert area;
- North Harbor Area 2: J/J channel (west J) and berthing areas;
- North Harbor Area 3: Turning basin.

Sediment test results and physical characteristics are analyzed in relation to permits, and a dredging plan is developed. The dredge plan and test results are submitted to the regulatory agencies for authorization to commence dredging operations for the season.

ANALYSIS

RHE and their testing subcontractors have successfully performed sediment sampling services for the Port District for a number of years. The quality of their work has been satisfactory to regulators, and they are familiar with Santa Cruz Harbor's permitting

requirements and will provide consistency in the methodology and approach to completing this work. RHE submitted a proposal in the amount of \$54,336.25.

To encourage competition, a Request for Proposals (RFP) process has been conducted for sediment sampling and analysis plan services for the past several years. Red Hills Environmental has always been the successful proposer and as noted below, has always delivered services under budget. This year, in order to expedite contracting, permitting and dredge planning, and pursuant to Public Contract Code Sections 22002, 22020, and 22032, the District is forgoing the RFP process for this negotiated professional services contract.

Staff recommends award of the contract to RHE in an amount not to exceed \$60,000. Though RHE has delivered services under budget over the past several years, including a 10% contingency is recommended in the event additional testing requirements are added by regulators.

IMPACT ON DISTRICT RESOURCES

The Port District recognized considerable costs savings with the 2018-19 Sampling and Analysis Plan, as a Tier I determination request was submitted and approved by all regulators. The 2018-19 Tier I determination reduced the anticipated contract price from \$45,320 to \$16,600.

Adequate funding for Sampling and Analysis Plan services is available in the FY20 Environmental and Permitting budget.

ATTACHMENT: A. RHE Proposal dated May 19, 2019

**RED HILLS ENVIRONMENTAL LLC
COST ESTIMATE
SCPD 2019-2020 DREDGING PROGRAM**

DATE: May 19, 2019
CLIENT: SANTA CRUZ PORT DISTRICT
135 FIFTH AVENUE
SANTA CRUZ, CA 95062

TASKS	COST
TASK 1 SAMPLING AND ANALYSES PLAN (SAP)	\$5,240.00
TASK 2 SAP IMPLEMENTATION (North Harbor, Federal Navigation Channel, Reference Sample)	\$41,236.25
<ul style="list-style-type: none"> 1 Day Vibracore Sampling, North Harbor 1 Day Offshore Sampling, Federal Navigation Channel and Reference Sample 15 Grain Size Analyses (9 NH, 5 Fed Chan, 1 Ref) 2 Chemical Analyses (1 NH & 1 Ref - includes PCB congener high resolution analyses) 2 Biological Analyses (1 NH & 1 Ref) 	
TASK 3 SAP REPORT, 2017-18 DREDGING PLAN, AND PRELIMINARY COMPILATION OF SEDIMENT TESTING RESULTS	\$7,860.00
	\$54,336.25

Red Hills Environmental LLC
18150 Gloria Court
Los Gatos, CA 95033
Phone 408 455 9300
EIN 27-3354814
KRCIK@VERIZON.NET

DETAILED BILLING

TASK 1 SAMPLING AND ANALYSES PLAN (SAP)

Quantity	Services	Rate	Total
40.00 Hrs	Professional Geologist, Steve Krcik	\$131.00	\$5,240.00
			\$5,240.00

TASK 2 SAP IMPLEMENTATION (North Harbor, Federal Navigation Channel, Reference Sample)

Quantity	Services	Rate	Total
40.00 Hrs	Professional Geologist, Steve Krcik	\$131.00	\$5,240.00
20.00 Hrs	Sr. Technician	\$102.00	\$2,040.00
1.00 Hrs	Equipment and Materials	\$750.00	\$750.00
1.00 Ea	TEG Oceanographic Services (Vibracore barge operation) Mob Demob	\$1,750.00	\$2,012.50
1.00 Day	TEG Oceanographic Services (Vibracore barge operation) Sediment Coring	\$4,200.00	\$4,830.00
1.00 Day	TEG (Off-Shore Boat and Bucket Sampler)	\$1,500.00	\$1,725.00
1.00 Ea	TEG Oceanographic Services (Vibracore barge operation) Consumables	\$1,500.00	\$1,725.00
2.00 Ea	Pacific EcoRick (Bioassays) Toxicity Testing Per Sample	\$4,790.00	\$11,017.00
1.00 Ea	Pacific EcoRick (Bioassays) Reference Toxicity Testing	\$3,010.00	\$3,461.50
40.00 Ea	Pacific EcoRick (Bioassays) Ammonia Purging & Additional Ammonia Analyses - Water Changes	\$20.00	\$920.00
6.00 Ea	Pacific EcoRick (Bioassays) Ammonia Purging & Additional Ammonia Analyses - Ammonia Analyses	\$20.00	\$138.00
1.00 Ea	Pacific EcoRick (Bioassays) Report	\$1,540.00	\$1,771.00
2.00 Ea	CalScience Environmental Laboratories (Chemical Analyses)	\$1,800.00	\$4,140.00
15.00 Ea	Cooper Testing Laboratories (Physical Analyses - Grain Size)	\$85.00	\$1,466.25
			\$41,236.25

TASK 3 SAP REPORT, 2017-18 DREDGING PLAN, AND PRELIMINARY COMPILATION OF SEDIMENT TESTING RESULTS

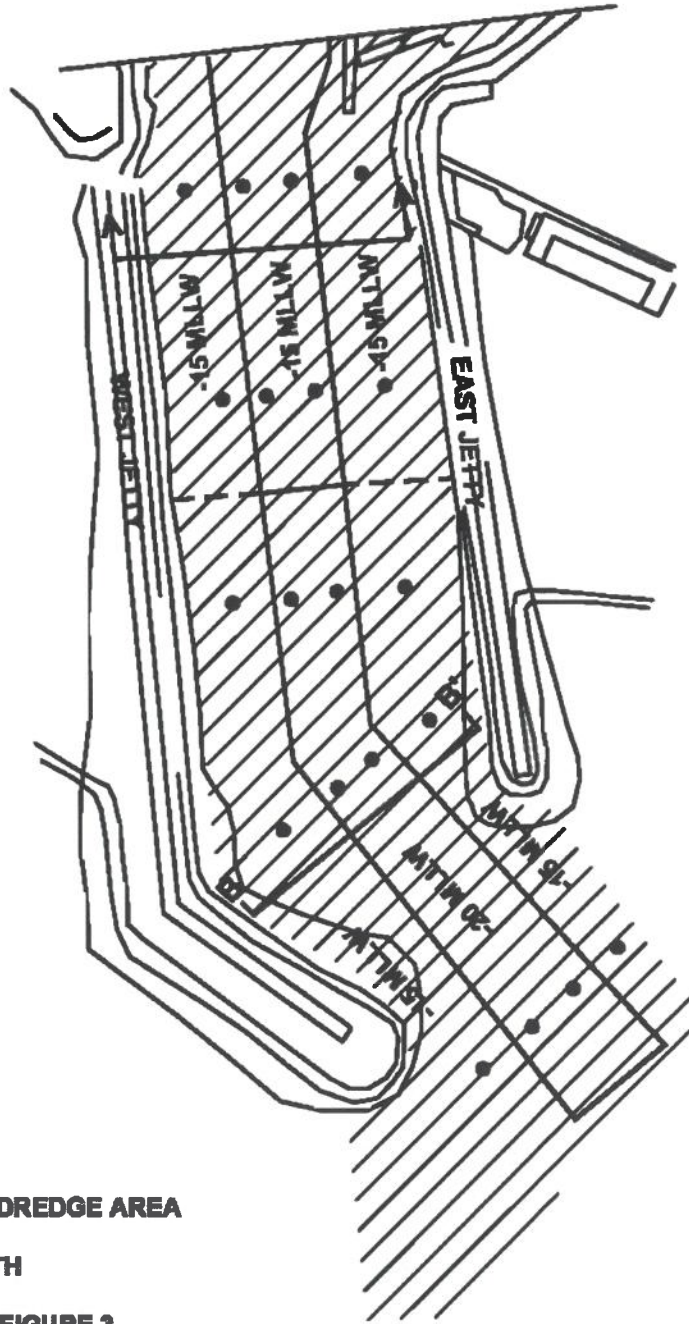
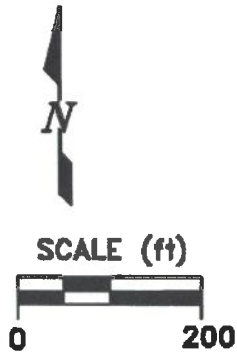
Quantity	Services	Rate	Total
60.00 Hrs	Professional Geologist, Steve Krcik	\$131.00	\$7,860.00
			\$7,860.00

REFERENCE SAMPLE



PREPARED BY	TITLE		
	SITE LOCATION MAP		
PREPARED FOR	Santa Cruz Port District 135 5th Avenue Santa Cruz, California		
	REF. Site Location.DWG	PROJ. NO. RH0502	SCALE AS SHOWN
		FIG: 1	

FEDERAL NAVIGATION CHANNEL SAMPLES



- LEGEND**
- ENTRANCE CHANNEL DREDGE AREA**
 - 20 MLLW DESIGN DREDGE DEPTH**
 - CROSS SECTION, SEE FIGURE 3**
 - PROPOSED SEDIMENT SAMPLE LOCATIONS**
 - MLLW MEAN LOWER LOW WATER**

REF: RH0502/FED NAV CHANNEL.DWG



TITLE	FEDERAL NAVIGATION CHANNEL AREA		
PREPARED FOR	Santa Cruz Port District 135 5th Avenue Santa Cruz, California	SCALE	AS SHOWN
REF.	PROJ. NO.	FIG:	
	RH0502	2	

NORTH HARBOR SAMPLES



CORE LENGTHS

- 9 FT

- 7 FT

CORE LENGTHS
- 12 FT

CORE LENGTHS

- 5 FT

- 9 FT

- 9 FT

- 9 FT

- 9 FT

NOTES:

This sounding is not intended to be used for navigational purposes. It is not guaranteed to be completely accurate due to constantly changing conditions. For the latest information, contact the Harbormaster at (831) 475-6161.

NORTH HARBOR

1 BIO COMP SAMPLE

1 CHEM COMP SAMP

9 GRAIN SIZE SAMPS

6 CORE SAMPS

3 BUCKET SAMPS

FED NAV CHANNEL

5 GRAIN SIZE SAMPS

REFERENCE SAMPLE

1 BIO COMP

1 CHEM COMP

1 GRAIN SIZE SAMP



PRE-DREDGE SURVEY
Sounding Completed on 2/28/19 and 5/3/19
Depth Corrected to 0' (MLLW)
This bathymetric survey is true and correct to the best of my knowledge.
Sean Rothwell
Sean Rothwell
Deputy Harbormaster

PROPOSED 2019-20 DREDGING AREAS
BATHYMETRIC DATA FEBRUARY 28 AND MAY 3, 2019

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
Stephen Reed
Darren Gertler
Neli Cardoso

TO: Port Commission

FROM: Marian Olin, Port Director

DATE: May 20, 2019

SUBJECT: Approval of Resolution 19-04 – Special District Risk Management Authority (SDRMA) Election Ballot for Board of Directors

Recommendation: *Provide direction to staff on casting the Port District's vote(s) for candidates for SDRMA Board of Directors and approve Resolution 19-04.*

BACKGROUND

The Special District Risk Management Authority (SDRMA) operates the Port District's workers' compensation insurance pool, which is made up of 442 California special districts, run by a seven-member board.

This resolution authorizes a vote(s) for up to three candidates to serve four-year terms on the SDRMA Board. Five candidates have met the qualification requirements and are vying for three available seats. Their individual statements are included for review. The Port District's vote(s) must be submitted to SDRMA by Tuesday, August 21, 2019.

ATTACHMENTS –

- A. Resolution 19-04 – Special District Risk Management Authority (SDRMA) Election Ballot for Board of Directors
- B. Candidate's Statement of Qualifications



SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

OFFICIAL 2019 ELECTION BALLOT
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
BOARD OF DIRECTORS

VOTE FOR ONLY THREE (3) CANDIDATES

Mark each selection directly onto the ballot, voting for no more than three (3) candidates. Each candidate may receive only one (1) vote per ballot. A ballot received with more than three (3) candidates selected will be considered invalid and not counted. All ballots must be sealed and received by mail or hand delivery in the enclosed self-addressed, stamped envelope at SDRMA on or before 4:30 p.m., Wednesday, August 21, 2019. Faxes or electronic transmissions are NOT acceptable.

- Bob Swan (Incumbent)
Jesse D. Claypool
Patrick K. O'Rourke, MPA/CFRM
Sandy Seifert-Raffelson (Incumbent)
James (Jim) M. Hamlin

ADOPTED this ___ day of ___, 2019 by the Santa Cruz Port District at a public meeting by the following votes:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: APPROVED:

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Candidate* Bob Swan

District/Agency Groveland Community Services District (GCSD)

Work Address P.O. Box 350, Groveland, CA 95321

Work Phone (209) 962-7161

Home Phone (408) 398-4731

*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

I am a current Board member. I would like to be elected to a second term because:

1. As a board member of Groveland CSD, I am particularly aware of the great value that smaller districts get from SDRMA, and I'd like to continue to do my part to make sure that this important agency continues to operate smoothly and stably into the indefinite future.
2. The insurance market in California (and nationwide) is going through a period of rapid change. The Board and staff are engaged in a major re-evaluation of SDRMA's approach to fulfilling its mission of providing cost-effective risk management services to its members. I believe that it is important to maintain Board continuity in this effort.
3. SDRMA Board members are either board members ("electeds") or employees of a member agency. I think there is value in having a balance between elected and employee Board members. The Board seats that are NOT up for election are currently 3 employees / 1 elected. I'd like to make sure the new Board has at least 2 elected members.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

1. SDRMA Board Member since 2016. This year (2019), I serve as Secretary. During our "no CEO" period in late 2017 - early 2018, I was a member of the ad hoc Personnel Committee. I am also a member of the Alliance Executive Council, and a backup member of the Legislative Committee.
2. Groveland CSD Board Member since I was appointed in June 2013. For the years 2014-2018, I served as Board President. (We finally implemented mandatory rotation of the office in 2019).
3. Member of the Board of Southside Community Connections, a local nonprofit in Groveland that provides educational, social, and recreational services to seniors, as well as free transportation to those who cannot drive.
4. Board Member (currently Treasurer) of Pine Cone Performers, a local choral and acting group, since 2010.
5. Back during my work life, I was a corporate representative on an IEEE standards committee concerned with wireless networking. It was very educational being on a committee where the members had widely differing (competing) goals.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

History: BS Physics, MS Computer Science. 3 years in USAF. 30 years in the semiconductor industry, first as an engineering manager, later as a business unit manager. Now retired (so I have plenty of time).

Skills, etc.: Very familiar with financial reports, cost accounting, quantitative analysis. Working knowledge of modern computer and communications technology. Managed distributed organizations with up to 150 technical people and up to \$120M in annual sales. Pretty good at listening to different views, and helping to achieve consensus (or, at least, compromise).


What is your overall vision for SDRMA? (Response Required)

Well, obviously I support our (newly revised) vision statement: "To be the exemplary public agency risk pool of choice for California special districts and other public agencies". In order to achieve this vision, I believe the key issues are:

1. Maintain long term financial stability. This includes ensuring that there is a fair allocation of cost versus risk across the pool membership.
2. Continue to retain / acquire highly qualified staff, and ensure that this is a desirable place to work.
3. Remember who are our target clientele, which in my opinion are small to mid-sized districts with limited options for insurance.
4. In light of ever-evolving California workers-compensation law, expand risk-management training even further than we now provide.
5. Maintain good relations with our re-insurers (who insulate us from catastrophe). In the long run, explore the possibility of joining a "captive" re-insurer to improve stability.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature

 Date 4-24-2019

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Candidate* Jesse D. Claypool

District/Agency Honey Lake Valley Resource Conservation District

Work Address USDA Service Center 170 Russell Avenue, Suite C Susanville, CA 96130

Work Phone 530-257-7271 ext 100

Home Phone 530-310-0232

*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

My interest for being on the SDRMA Board of Directors is because I believe it is imperative for there to be a knowledgeable and experienced voice on the Board with the perspective of the small to mid-size special district, working together with the other SDRMA Board Members, to ensure relevant—affordable solutions are available to all size special districts.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I am currently serving my fifth (5th) consecutive term as Chairman of the Board of a special district. I served two (2) yrs. on a Technical Advisory Committee for the prevention of violence against schools K-12. I served one (1) term on an elementary school board. I am currently serving my second (2nd) consecutive term on CSDA's committee for Professional Development. I am currently serving my sixth (6th) consecutive term on the board of a Regional Water Management Group. I am currently serving my second (2nd) consecutive term on CSDA's committee for Member Services. I am currently serving as a member of the County's Civil Grand Jury.

I have attended and completed the California School Board Association's New Board Member Training. I have Certificates of Completion from CSDA for General Manager Evaluation, Exercising Legislative Authority and Achieving Transparency. I attended and completed CSDA's Extraordinary Leader training. I attended and completed CSDA's Special District Leadership Academy and I have received CSDA's Recognition in Special District Governance certificate.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

My experience with special districts and governance, belief in the importance of quality governing policies, the ability to work effectively with the other board members and staff and a desire to give back to SDRMA and its membership will be what I bring to the SDRMA Board of Directors.

What is your overall vision for SDRMA? (Response Required)

For SDRMA to continually advance as an industry leader providing affordable solutions for special districts of any size enabling them to be effective within the communities they serve.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4-26-19

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – **no attachments will be accepted.** No statements are endorsed by SDRMA.

Candidate* Patrick K. O'Rourke, MPA/CFRM
District/Agency Redwood Region Economic Development Commission (RREDC)
Work Address 520 E Street Eureka, CA 95501
Work Phone 707-445-9651 Home Phone 707-726-6700

*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

I have considerable interest, knowledge, and experience in board leadership; board service; and board governance/policy development & oversight in for-profits, nonprofits, a joint powers authority/SDRMA member organization, and as an elected city councilman. I also have considerable experience (as a top-level executive board leader and manager) in organizational risk management and risk mitigation/prevention. I would like to share my knowledge, skills, abilities, and experience in service to SDRMA members, via my service on SDRMA's board of directors. I believe that my knowledge, experience, and dedication to excellence and implementation of best practices in governance and policy development/oversight will serve SDRMA well, and will assist SDRMA in maintaining its "Excellence" accreditation via the California Association of Joint Powers Authorities (CAJPA).

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

Having served in board leadership roles (25+ years in for-profit entities; 25+ years in nonprofit & private/public foundations; and 2+ years in a Joint Powers Authority [SDRMA member organization]), I am well-versed and experienced in board governance; policy development; financial statement analysis and budget review; executive management search/selection, oversight and evaluation; organizational risk management/mitigation; litigation oversight; and best practices in organizational governance. At SDRMA member organization, Redwood Region Economic Development Commission (RREDC), I have served as 2019 Immediate Past Chair; 2018 Board Chair; 2017 Vice Chair; Chair of Executive Committee; and Member of the Loan Committee. I have in-depth knowledge of policy governance (Culver, et al.); I am an advocate for transparency & best practices; and I am knowledgeable & experienced in California's Ralph M. Brown Act and Roberts Rules of Order. I have also served in board governance and board leadership roles in several nonprofit organizations and in both public and private foundations, including as Board Chair (12+ years) and in President & Vice President roles. I have also Chaired Search/Selection committees; Public Relations committees; Fund Development committees; and Finance/Audit committees.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

Besides holding a Master of Public Affairs degree, with a specialty in nonprofit management; having completed all coursework and written/oral exams (all except dissertation) for a PhD in Mass Communication, with a specialty in public relations and a cognate in organizational communication management, I have several other directly-relevant skills/talents/experience including: I am expertly adept at executive-level relationship development and stewardship, and have served as an organizational & industry advocate and liaison working closely with community organizations, local/county/state elected officials, and public/private entities/organizations and foundations. I am expertly adept at financial and operational analysis, and at asset/portfolio management and risk mitigation. I have taught for-credit university courses in corporate leadership; in entrepreneurial leadership research and practice; as well as having published peer-reviewed academic research on leadership in public relations.

What is your overall vision for SDRMA? (Response Required)

My vision for SDRMA would be for SDRMA to continue to add value to its members; operate with the highest ethical practices and transparency; continue in providing excellence in service, education, safety and compliance training; help members to mitigate and reduce risk; provide expedient claims review and response; provide members with state-of-the-art education and information; educate members to minimize losses/risk in member workplaces; and to continue to provide members with comprehensive coverage for property/liability, workers comp, and health benefits.

I would envision SDRMA management and staff enjoying a quality of life that will ensure their happiness and continue an atmosphere of dedicated service to SDRMA members. I would also envision that SDRMA will continue to operate with efficiencies that minimize costs/expenses, continue to enable SDRMA to maintain competitive premium rates, and (when possible) lower organizational and member costs. I would also envision a governing board that embraces and employs best governing practices in all areas of policy development; executive management oversight; financial review/audit; and in investing and spreading portfolio assets to minimize portfolio investment risks and maximize return on investments. Finally, I would envision SDRMA, and its management team/staff, operating in ways that will continue to earn accreditation "Excellence" from the California Association of Joint Powers Authorities (CAJPA).

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature _____



Date _____

3/25/2019

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates. No statements are endorsed by SDRMA.

Candidate* Sandy Seifert-Raffelson

District/Agency Herlong Public Utility District

Work Address 447-855 Plumas St., P o Box 115, Herlong, CA 96113

Work Phone (530) 827-3150 Cell Phone (530) 310-4320

*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

Why do you want to serve on the SDRMA Board of Directors?

I am a current Board member of SDRMA and feel that I have added my financial background to make better informed decisions for our members. As a Board member, I continue to improve my education of insurance issues and look forward to representing small District's and Northern California as a voice on the SDRMA Board. I feel I am an asset to the Board with my degree in Business and my 30 plus years' experience in accounting and auditing.

I understand the challenges that small District face every day when it comes to managing liability insurance, worker's compensation and health insurance for a few employees with limit revenue and staff. My education and experience give me an appreciation of the importance of risk management services and programs, especially for smaller District that lack expertise with insurance issues on a daily basis.

I feel I am an asset to this Board, and would love a chance to stay on 4 more years!

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization)

While serving on the SDRMA Board, I have been privilege to be Secretary of the Board for two years, and currently the Vice-President. I have served on CSDA's Audit and Financial Committee's for 6 years; I have served on the SDLF Board; Northeastern Rural Health Clinic Board; Fair Board; School and Church boards; 4-H Council and leader for 15 years; and UC Davis Equine Board. In the past 25 years, I have learn that there is no "I" in Board and it can be very rewarding to be part of a team that makes a difference for others.

As part of my many duties working with Herlong PUD, I worked to form the District and was directly involved with LAFCo, Lassen County Board of Supervisors and County Clerk to establish the initial Board of Directors and first Policies for HPUD. I have administered the financial portion of 2 large capital improvement project with USDA as well as worked on the first ever successful water utility privatization project with the US Army and Department of Defense. I am currently working on a 4.2 million grant from California for new infrastructure for the small District HPUD absorb through LAFCo in 2017. I am also the primary administrator of a federal contract for utility services with the Federal Bureau of Prison and the US Army.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

What special skills, talents, or experience (including volunteer experience) do you have?

I have my Bachelor's Degree in Business with a minor in Sociology. I have audited Small Districts for 5 years, worked for a Small District for almost 15 years and have over 30 years of accounting experience. I am a good communicator and organizer. I have served on several Boards and feel I work well within groups or special committee. I am willing to go that extra mile to see things get completed.

I believe in recognition for jobs well done. I encourage incentive programs that get members motivated to participate and strive to do their very best to keep all losses at a minimum and reward those with no losses.

I have completed my Certificate for Special District Board Secretary/Clerk Program in both regular and advance course work through CSDA and co-sponsored by SDRMA. I have completed the CSDA Special District Leadership Academy and Special District Governance Academy. I am in the processes of getting my small District re-certified for their District of Transparency and hope one day to attain our District of Distinction.

I work for a District in Northeastern California that has under gone major changes from a Cooperative Company to a 501c12 Corporation, to finally a Public Utility District. I have worked with LAFCo to become a District. Also our small District consolidated another small District into our District. Through past experience I feel I make a great Board member representing the small districts of Northern California and their unique issues and will make decisions that would help all rural/small districts.

What is your overall vision for SDRMA?

For SDRMA to be at the top of the risk management field and to continue communicating and listening to the needs of all California Special Districts and meeting those needs at a reasonable price that Special Districts can afford. I would like to continue education and rewards for no claims and explore avenues of financial endeavors that will benefit our customers.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4/16/19

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – **no attachments will be accepted.** No statements are endorsed by SDRMA.

Candidate* James (Jim) M. Hamlin
District/Agency Burney Water District
Work Address 20222 Hudson St. Burney, Ca. 96013
Work Phone (530) 335-3582 Cell Phone _____

*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

Hope to serve and help with decisions being made to both strengthen SDRMA and
move into new areas. Our districts are facing new challenges constantly.

**What Board or committee experience do you have that would help you to be an effective Board Member?
(SDRMA or any other organization) (Response Required)**

See Next

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

What special skills, talents, or experience (including volunteer experience) do you have? (Response Required)

September 1972 until January 2014, owned and operated a Insurance brokerage
Sold business and retired.

Board Member of Mayers Memorial Hospital District From 1990 until 2014
Served on the Associal of Hospital Districts for six years.

Served on the board of Burney Water District the previous six years. Current
Serving on Mayers Memorial Hospital Financial Board.

What is your overall vision for SDRMA? (Response Required)

SDRMA Board must be strong and protect the concerns of their members. Need
to have a listening ear for the districts that are represented. Need to
use caution when jumping into new areas, not jepordise their strong programs
and beliefs for new programs.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature James M. Hendrick Date 3-27-2019

Santa Cruz Port District
Accounts Payable Monthly Check Register
 April 2019

Date	No.	Vendor	Description	Amount
4/5/2019	51464	Employee #174	3/16/19-3/31/19 Payroll	\$809.71
4/5/2019	51465	AA Safe & Security Co.	Lighthouse Lock & Key	\$49.71
4/5/2019	51466	Ace Portable Services	Portable Toilet Rental	\$95.93
4/5/2019	51467	Allison, Michael	Security Deposit Refund	\$1,218.70
4/5/2019	51468	APED	333 Lake Avenue - Restroom Fan Repair	\$56.40
4/5/2019	51469	Aramark	Maintenance Uniform Shirts	\$299.54
4/5/2019	51470	Arao, David	Key Deposit Refund	\$60.00
4/5/2019	51471	AT&T	Telephone	\$583.83
4/5/2019	51472	AT&T Mobility	Tablet Service	\$235.50
4/5/2019	51473	B AND B Small Engine	Pruner, Hedge Trimmer, Chainsaw Repair & Maintenance, Equipment Gas Caps	\$1,422.14
4/5/2019	51474	Bay Building Janitorial, Inc.	Monthly Janitorial Services	\$5,292.00
4/5/2019	51475	Bay Plumbing Supply, Inc.	Saw Blades for Fuel Dock	\$127.40
4/5/2019	51476	Big Creek	FF-Dock Repair Lumber, Fuel Dock Repair Lumber, Fish Table Lumber, D-Dock Bench Repair	\$1,853.20
4/5/2019	51477	Blacklock, Peter	Key Deposit Refund	\$40.00
4/5/2019	51478	Blake Anderson	Quarterly Uniform Allowance	\$190.00
4/5/2019	51479	Blue Tarp Financial, Inc.	Compact Mag Drill	\$949.00
4/5/2019	51480	Bobby's Pit Stop, Inc.	Patrol Truck Oil Change & Maintenance	\$132.09
4/5/2019	51481	Bow Wow Pet Waste Products	Pet Waste Station Bags	\$523.06
4/5/2019	51482	Burke, Williams & Sorensen, LLP	Legal Consultation	\$1,323.22
4/5/2019	51483	CA State Parks	2019 Lifeguard Contract	\$19,008.12
4/5/2019	51484	Challenge News	Advertising - Pile Project - Phase 2	\$456.00
4/5/2019	51485	Cleveland, Henry	Key Deposit Refund	\$20.00
4/5/2019	51486	Clifford, Lance	Key Deposit Refund	\$40.00
4/5/2019	51487	Comcast	Business Internet	\$305.07
4/5/2019	51488	Computer Technical Specialists, Inc.	E-mail Scanning & Backup, Technical Support (February - March)	\$1,203.50
4/5/2019	51489	Costello, Patrick	Security Deposit Refund	\$268.32
4/5/2019	51490	County of Santa Cruz Auditor	Citation Tax (February)	\$874.50
4/5/2019	51491	County of Santa Cruz DPW	Annual Sanitation Charges (\$86,856.93 Tenant Reimbursable)	\$102,529.10
4/5/2019	51492	Crow's Nest Restaurant	1/2 Concession Lot Garbage	\$2,457.18
4/5/2019	51493	Crystal Springs Water Co.	Boatyard Drinking Water	\$37.50

Santa Cruz Port District
Accounts Payable Monthly Check Register
 April 2019

Date	No.	Vendor	Description	Amount
4/5/2019	51494	Cubbon, Craig	Waiting List Refund	\$100.00
4/5/2019	51495	Curran, Peter	Security Deposit Refund	\$117.98
4/5/2019	51496	Data Ticket, Inc.	Daily Citation Processing	\$349.84
4/5/2019	51497	David Hill	Quarterly Uniform Allowance	\$190.00
4/5/2019	51498	Doctors on Duty	Hepatitis B Inoculation	\$93.00
4/5/2019	51499	Don Kinnamon	Quarterly Uniform Allowance	\$190.00
4/5/2019	51500	Dredging Supply Company, Inc.	<i>Twin Lakes</i> Adapter	\$1,292.59
4/5/2019	51501	Elbert, Harris	Security Deposit Refund	\$220.86
4/5/2019	51502	Elevator Service Company	Monthly Elevator Service (\$218 Tenant Reimbursable), Elevator Repair - 493 Lake	\$2,713.75
4/5/2019	51503	Elliot, Laura	Key Deposit Refund	\$40.00
4/5/2019	51504	Farinski, Dave	Key Deposit Refund	\$40.00
4/5/2019	51505	Fastenal Company	Silicone for Dredge Pipes, <i>Twin Lakes</i> Snorkel Bolts, Torch Cutting Tip, Wire Grinding Wheels	\$1,115.79
4/5/2019	51506	FedEx Office	Shipping	\$43.04
4/5/2019	51507	Grainger	2222 East Cliff Door Repair, Cordless Impact Wrench, Barricade Lights for Buoys, Pliers, Batteries, Latex Gloves, Tool Case, Knives, Flashlights, Screwdrivers, Socket Set	\$1,831.23
4/5/2019	51508	Gsolutionz	Telephone System Maintenance	\$199.99
4/5/2019	51509	Hagler Systems	Booster Pump Impeller & Sleeve	\$6,805.18
4/5/2019	51510	Hose Shop	Bushings & Flanges for <i>Squirt</i> , Clamps for Gate Fabrication, Coupling for Waterline	\$1,248.86
4/5/2019	51511	Jordan Rank	Quarterly Uniform Allowance	\$190.00
4/5/2019	51512	Kevin King	Quarterly Uniform Allowance	\$190.00
4/5/2019	51513	Kevin Melrose	Strap Paper & Press Wash Nuts	\$128.05
4/5/2019	51514	Kirkish, Jeff	Security Deposit Refund	\$226.82
4/5/2019	51515	Koby McCauley	Quarterly Uniform Allowance	\$190.00
4/5/2019	51516	Krick, Steve	Security Deposit Refund	\$180.14
4/5/2019	51517	Latisha Marshall	Quarterly Uniform Allowance	\$190.00
4/5/2019	51518	Lawson	Cable Ties, Flanges for <i>Twin Lakes</i> , Hydraulic Repair Parts for <i>Twin Lakes</i> , Toyo Pump Pipeline Hardware, Bench Grinder	\$1,068.42
4/5/2019	51519	Lee, Roger	Key Deposit Refund	\$80.00
4/5/2019	51520	Lockton Insurance Brokers, LLC	Insurance Premium - Public Official Liability	\$10,388.00

Santa Cruz Port District
Accounts Payable Monthly Check Register
 April 2019

Date	No.	Vendor	Description	Amount
4/5/2019	51521	Marina Ware	Key Fobs, MarinaWare Quarterly Support	\$13,985.00
4/5/2019	51522	Matheson Tri-Gas, Inc.	Welding Gas	\$1,131.62
4/5/2019	51523	McCampbell Analytical, Inc.	Stormwater Pollution Prevention Plan Qualified Stormwater Event Testing	\$298.00
4/5/2019	51524	McMaster-Carr Supply Company	<i>Twin Lakes</i> Bearings & Gauges, Pliers, Shaft Pick, Tubing, Zincs for <i>Twin Lakes</i> , <i>Twin Lake</i> Grating, <i>Dauntless</i> Steering, <i>Twin Lakes</i> Water Service Valve, Gasket, Flanges, Horn	\$1,719.73
4/5/2019	51525	Mid County Auto Supply	Brake Cleaner & Rags, <i>Dauntless</i> Tools & Lamps, Dredge Vehicle Door Handle	\$261.97
4/5/2019	51526	Mission Uniform Service	Uniform Service	\$345.15
4/5/2019	51527	Monterey Bay Marine	<i>Dauntless</i> Engine Oil	\$10.91
4/5/2019	51528	Nicholas Henning	Monthly Refuse Collection	\$2,250.00
4/5/2019	51529	Pacific Gas & Electric Company	Utilities	\$18,468.14
4/5/2019	51530	Palace Art & Office Supply	Office Supplies	\$117.96
4/5/2019	51531	Pan-Pacific Supply Company	Packing for <i>Twin Lakes</i>	\$1,038.36
4/5/2019	51532	Peterson	CAT D6 Repairs (\$22,631.93), Oil Sample Kits, CAT D6 Fluids, Zincs for <i>Twin Lakes</i> , Filters for Ancillary Equipment	\$24,312.22
4/5/2019	51533	Petroka, Synthia	Key Deposit Refund	\$20.00
4/5/2019	51534	Praxair Distribution Inc.	Welding Gas & Supplies	\$1,057.79
4/5/2019	51535	PURPURI, PHILLIP	Key Deposit Refund	\$20.00
4/5/2019	51536	Randy Marty	Gate Hinges	\$94.82
4/5/2019	51537	RGW Equipment	Backhoe Repair	\$6,507.96
4/5/2019	51538	Riverside Lighting & Electric	Dock Lighting Fixtures, Transformer, Electrical Supplies	\$577.45
4/5/2019	51539	Rockwell, Robin	Key Deposit Refund	\$60.00
4/5/2019	51540	Ruderman, Howard	Key Deposit Refund	\$20.00
4/5/2019	51541	San Diego Police Equipment Co	Simulated Rounds	\$618.17
4/5/2019	51542	San Lorenzo	Lumber & Tools for Harbor Security Upgrades, Dock Upgrade Tools & Supplies, Boatyard Tools, D-Dock Repair Lumber	\$251.49
4/5/2019	51543	Sandidge, Ernie	Security Deposit Refund	\$400.80
4/5/2019	51544	Santa Cruz Municipal Utilities	Utilities	\$8,762.04
4/5/2019	51545	Santa Cruz Sentinel	Legal Advertising - Pile Project - Phase 2	\$160.00
4/5/2019	51546	SC Fuels	Fuel Dock Gas & Diesel, Oil for <i>Twin Lakes</i>	\$20,257.91
4/5/2019	51547	Schmidt, Dean	Security Deposit Refund	\$642.15

Santa Cruz Port District
Accounts Payable Monthly Check Register
 April 2019

Date	No.	Vendor	Description	Amount
4/5/2019	51548	Sean Rothwell	Quarterly Uniform Allowance	\$190.00
4/5/2019	51549	Shanoian, Jeremy	Key Deposit Refund	\$20.00
4/5/2019	51550	Soil Control Lab	SWPPP Maintenance & Dredge Yard	\$366.00
4/5/2019	51551	Staples Credit Plan	Office Supplies	\$110.70
4/5/2019	51552	Superior Alarm Company	Security Alarm Monitoring - 493 Lake Ave.	\$207.00
4/5/2019	51553	Supply Works	Janitorial Supplies	\$2,538.83
4/5/2019	51554	Team O'Neill LTD.	Deposit Refund - Charter Permit Application	\$1,283.79
4/5/2019	51555	Thomas, Mark	Key Deposit Refund	\$40.00
4/5/2019	51556	Triton Construction	Fuel Operator Service	\$75.00
4/5/2019	51557	U.S. Bank Equipment Finance	Copy Machine Lease	\$11.87
4/5/2019	51558	Uline	Traffic Sign	\$126.56
4/5/2019	51559	Valero Marketing & Supply Company	Fleet Fuel	\$1,513.54
4/5/2019	51560	Valley Power Systems North, Inc.	<i>Twin Lakes</i> Generator Repair	\$1,182.00
4/5/2019	51561	Waldrip, Larry	Key Deposit Refund	\$55.00
4/5/2019	51562	West Coast Wire Rope	<i>Twin Lakes</i> Wire Rope	\$8,857.18
4/5/2019	51563	West Marine Pro	VHF Radios, Buoy Lights, PFD Lights, Zincs, Anodes, Radio Mic	\$991.57
4/5/2019	51564	WILSON, DANNY	Security Deposit Refund	\$43.20
4/11/2019	51565	Los Gatos Iron Works, Inc.	Concession Lot Gate Arms	\$425.00
4/11/2019	51566	Employee #39	Payroll Record	\$2,410.56
4/16/2019	51567	RT Motors	2011 Chevy Silverado 2500	\$27,200.00
	51568	VOID		
4/22/2019	51569	A Tool Shed Rentals	Equipment Rental - Skid Steer	\$155.00
4/22/2019	51570	AA Safe & Security Co.	Door Lever	\$20.00
4/22/2019	51571	Ace Portable Services	Portable Toilet Rental	\$95.93
4/22/2019	51572	Allied Administrators for Delta Dental	Dental Insurance	\$2,651.51
4/22/2019	51573	AmeriDyn	Dynamics Training	\$125.00
4/22/2019	51574	AT&T	Telephone	\$2,184.27
4/22/2019	51575	Atchison Barisone Condotti & Kovacevich	Legal Consultation	\$1,430.00
4/22/2019	51576	CIT	Telephone System Lease	\$338.48
4/22/2019	51577	Bay Plumbing Supply, Inc.	Concession Lot Water Fountain Drain, Cutting Blades for Public Pier	\$187.86
4/22/2019	51578	Bayside Oil II, Inc.	Waste Oil Disposal	\$1,191.50

Santa Cruz Port District
Accounts Payable Monthly Check Register
 April 2019

Date	No.	Vendor	Description	Amount
4/22/2019	51579	Big Creek	Diamond Buoy Concrete	\$23.79
4/22/2019	51580	California Department of Tax and Fee Administration	Quarter 1, 2019 Underground Storage Tank Maintenance Fee	\$304.00
4/22/2019	51581	Carpi & Clay	Washington Representation	\$800.00
4/22/2019	51582	Chandler, Mark	Key Deposit Refund	\$40.00
4/22/2019	51583	Comcast	Business Internet	\$218.18
4/22/2019	51584	Compass Bank	Taxable Loan Principal & Interest Payment	\$137,904.28
4/22/2019	51585	Complete Mailing Service	Statement Mailing & Postage	\$515.74
4/22/2019	51586	Computer Technical Specialists, Inc.	Technical Support (November & December)	\$2,185.00
4/22/2019	51587	Crow's Nest Restaurant	1/2 Roof Repairs - 2218 East Cliff, 1/2 Concession Lot Garbage (Tenant Reimbursable)	\$2,585.30
4/22/2019	51588	Crystal Springs Water Co.	Boatyard Drinking Water	\$47.75
4/22/2019	51589	Data Ticket, Inc.	Citation Processing (February)	\$300.00
4/22/2019	51590	Elevator Service Company	Monthly Elevator Service (\$218.40 Tenant Reimbursable)	\$420.00
4/22/2019	51591	Elfers, Tim	Key Deposit Refund	\$20.00
4/22/2019	51592	Ewing Irrigation Products, Inc.	V-Dock Water Line Adapter, Signage	\$133.64
4/22/2019	51593	FedEx Office	Shipping	\$36.08
4/22/2019	51594	Flyers Energy, LLC	Equipment Fuel	\$986.23
4/22/2019	51595	Garda CL West, Inc.	Deposit Courier Service	\$290.78
4/22/2019	51596	Grainger	Disposable Gloves, Padlocks	\$86.06
4/22/2019	51597	Graves, Eric	Key Deposit Refund	\$80.00
4/22/2019	51598	Hose Shop	V-Dock Water Line	\$236.68
4/22/2019	51599	Jorge Lopez	Grounds Tool Reimbursement	\$71.42
4/22/2019	51600	Kathy Beckerman, LMFT	Counseling Services	\$240.00
4/22/2019	51601	Klochack, John	Security Deposit Refund	\$135.45
4/22/2019	51602	Large's Metal Fabrication, Inc.	Gate Frame Aluminum	\$271.95
4/22/2019	51603	Lawson	Screws & Washers, <i>Twin Lakes</i> Pipeline Fittings	\$869.24
4/22/2019	51604	Lee, Robert	Key Deposit Refund	\$20.00
4/22/2019	51605	Lockton Insurance Brokers, LLC	Insurance Premiums	\$259,560.96
4/22/2019	51606	McMaster-Carr Supply Company	Welding Hose	\$792.88
4/22/2019	51607	Mesiti-Miller Engineering, Inc.	Engineering Services: Aldo's Seawall Engineering & Construction Administration	\$25,758.47
4/22/2019	51608	Mid County Auto Supply	Diesel Exhaust Fluid, Spark Plug Feeler Gauge	\$87.41

Santa Cruz Port District
Accounts Payable Monthly Check Register
 April 2019

Date	No.	Vendor	Description	Amount
4/22/2019	51609	Mission Uniform Service	Uniform Service	\$314.78
4/22/2019	51610	Navab-Tehrani, Aria	Key Deposit Refund	\$47.87
4/22/2019	51611	Operating Engineers Local Union No. 3	OE3 Dues (Payroll Deduction)	\$256.00
4/22/2019	51612	Pacific Gas & Electric Company	Utilities	\$288.97
4/22/2019	51613	Palace Art & Office Supply	Office Supplies	\$110.86
4/22/2019	51614	Peterson	<i>Twin Lakes</i> Air Filters, Skagit Wench Engine Parts Book	\$719.77
	51615	VOID		
4/22/2019	51616	Ramirez, Lynn	Key Deposit Refund	\$20.00
4/22/2019	51617	Ramos Oil Inc.	<i>Twin Lakes</i> Fuel	\$29,404.87
4/22/2019	51618	Reitman, Michael	Key Deposit Refund	\$20.00
4/22/2019	51619	Santa Cruz Municipal Utilities	Utilities	\$8,475.99
4/22/2019	51620	SC Fuels	Fuel Dock Gas & Diesel	\$22,605.10
4/22/2019	51621	Silva, James	Key Deposit Refund	\$85.00
4/22/2019	51622	Soquel Nursery Growers, Inc.	Landscaping Plants	\$309.15
4/22/2019	51623	South Bay Diesel And Hydraulics, Inc.	<i>Squirt</i> Hydraulic Parts	\$59.75
4/22/2019	51624	SWRCB	Annual Stormwater Pollution Prevention Plan Permit - Maintenance & Boatyard	\$2,800.00
4/22/2019	51625	Supply Works	Janitorial Supplies	\$56.64
4/22/2019	51626	Svendsen's Boat Works	Strap Paper	\$334.47
4/22/2019	51627	Tartaglino, Larry	Key Deposit Refund	\$20.00
4/22/2019	51628	Thomas, Walter	Key Deposit Refund	\$80.00
4/22/2019	51629	Triton Construction	Fuel Operator Service	\$75.00
4/22/2019	51630	UNUM Life Insurance Co. of America	LTD/Life/AD&D Insurance	\$3,762.17
4/22/2019	51631	US Relay	Webcam Service	\$484.00
4/22/2019	51632	Verizon Wireless	Cell Phone & Tablet Service	\$313.57
4/22/2019	51633	Waltrip, William	Key Deposit Refund	\$40.00
4/22/2019	51634	West Marine Pro	Boatyard Retail Items	\$239.79
4/22/2019	51635	West Marine Pro	Buoy Lights, Radio Mics	\$207.18
4/22/2019	51636	Williams, Kurtis	Key Deposit Refund	\$65.00
4/5/2019	Various	Various Employees	3/16/19-3/31/19 Payroll	17324.64
4/19/2019	Various	Various Employees	4/1/19-4/15/19 Payroll	18881.06
4/1/2019	EFT	ChargeltPro	Front Desk Credit Card Charges	\$2,150.59

Santa Cruz Port District
Accounts Payable Monthly Check Register
 April 2019

Date	No.	Vendor	Description	Amount
4/1/2019	EFT	ElectronicPayments	Fuel Dock Credit Card Charges	\$228.96
4/1/2019	EFT	Merchant Services	CALE Park Machine Credit Card Charges	\$791.68
4/1/2019	EFT	Merchant Services	Online Billpay Credit Card Charges	\$135.86
4/1/2019	EFT	Transaction Express	Online Billpay ACH Fees	\$327.76
4/5/2019	EFT	PAYCHEX	Payroll Service Fees	\$458.84
4/5/2019	EFT	Comerica Commercial Card Services	Meeting Refreshments - Finance	\$84.36
4/5/2019	EFT	Citi Cards	Breakroom Supplies, Umbrellas for Dredge Monitors & Maintenance, Pesticide Applicator Seminar, Shipping	\$498.09
4/5/2019	EFT	PAYCHEX	3/16/19-3/31/19 Payroll Direct Deposit	53904.7
4/5/2019	EFT	PAYCHEX	3/16/19-3/31/19 Payroll Taxes	31628.28
4/6/2019	EFT	Comerica Cardmember Services	CMANC Conference (Registration, Travel, Lodging, Meals), <i>Dauntless</i> Steering Parts, Deputy Harbormaster Training, Ammunition Storage Case, Strap Cart Supplies and Tools for Boatyard, Employee Recognition, Employment Advertising, Commission Meeting Refreshments, H2S Meter Calibration/Repair, Deposit Bags for Coins, Printer Ink, <i>Dauntless</i> Light Bars, Impact Driver, Ratchet Straps, Latex Gloves, Aluminum, Commissioner Photo Frame, Concession Lot Keys, Bulletin Boards, PFD CO2 Cartridges, Alternator Drop Splitting System, Shipping, <i>Almar</i> Electrical Panel, DBW Training, Dewatering Pumps	\$14,113.52
4/8/2019	EFT	CalPERS	Retirement (Employee & Employer Contributions)	\$6,498.06
4/8/2019	EFT	CalPERS	Retirement (Employee & Employer Contributions)	\$656.30
4/8/2019	EFT	CalPERS	Retirement (Employee & Employer Contributions)	\$7,252.64
4/8/2019	EFT	CalPERS	Health Insurance	\$31,883.71
4/8/2019	EFT	California State Disbursement Unit	Wage Garnishment	\$250.00
4/9/2019	EFT	Empower Retirement	457 Payments (Payroll Deduction)	\$2,512.92
4/9/2019	EFT	Comerica Bank-Cost Center	Bank Service Charges	\$943.29
4/10/2019	EFT	ChargeItPro	Front Desk CC Gateway Fee	\$15.00
4/12/2019	EFT	PAYCHEX	Time & Attendance Fees	\$109.25
4/12/2019	EFT	Svendsen's Boat Works	Strap Paper	\$296.52
4/12/2019	EFT	Svendsen's Boat Works	Strap Paper	\$113.71
4/17/2019	EFT	California Department of Tax and Fee Administration	Quarter 1, 2019 Sales Tax Return	\$7,882.00
4/19/2019	EFT	PAYCHEX	Payroll Service Fees	\$462.64

Santa Cruz Port District
Accounts Payable Monthly Check Register
 April 2019

Date	No.	Vendor	Description	Amount
4/19/2019	EFT	PAYCHEX	4/1/19-4/15/19 Payroll Direct Deposit	54656.77
4/19/2019	EFT	PAYCHEX	4/1/19-4/15/19 Payroll Taxes	33964.75
4/22/2019	EFT	CalPERS	Retirement (Employee & Employer Contributions)	\$6,490.37
4/22/2019	EFT	CalPERS	Retirement (Employee & Employer Contributions)	\$677.28
4/22/2019	EFT	CalPERS	Retirement (Employee & Employer Contributions)	\$7,272.70
4/22/2019	EFT	CalPERS	Unfunded Accrued Liability	\$446.33
4/22/2019	EFT	CalPERS	Unfunded Accrued Liability	\$296.54
4/22/2019	EFT	CalPERS	Unfunded Accrued Liability	\$18,668.40
4/23/2019	EFT	Empower Retirement	457 Payments (Payroll Deduction)	\$2,590.29
4/24/2019	EFT	California Department of Tax and Fee Administration	Wage Garnishment	\$250.00
Total April 2019 Disbursements				\$1,162,236.28

Harbormaster's Report

April 2019

Boatyard Report Statistics:

	Feb	March	April
-Haul outs	13	22	23
-Hang in straps (surveys)	3	11	12
-Haul from water onto trailer	0	0	0
-Splash	11	23	25
-To/From trailer	0	2	1
-Crane Ops	0	0	1
-Masts	0	0	0
-Trailerred boats (no lift)	1	0	0
-Pressure Wash	0	0	0

Boatyard Report Activities:

The Boatyard held its annual "Marine Flea Market" on Sunday, April 14, 2019. It was a well-attended event and enjoyed by all. The Port District sold *Sparky*, its 18' electric safety boat for \$2,100.00.

April was busy with preparations for groundfish, recreational salmon, and commercial salmon season.

Four customers trailerred in their boats for maintenance and electronics installation.

There were two emergency haulouts; one Owens 33 for the F/V *Grinder* that had a leaking shaft, and one wooden Stephens 28 that was hauled out due to a seam leak along the keel.

The *Almar* was hauled out for regular service.

The Travelift remote control fell in the water during a slip and fall at the Boatyard and is currently inoperable. Replacement cost for a new remote is estimated at \$8,891, which represents an unbudgeted FY20 expenditure.

Harbor Activities/Events/News:

Recreational salmon season opened strong on April 6, 2019. Commercial salmon season opened with a decent start on May 1, 2019, and then quickly decreased. Interestingly, an unusual school of blue fin and yellow tail tuna were landed in the bay deep in the canyon.

Staff attended the Santa Cruz Commercial Fishermen's Association meeting and a Monterey Bay Fisheries Trust meeting held at the harbor. Following the meeting, staff met with the Monterey Bay Fisheries Trust to plan for the 2019 Lost Gear Recovery Project, which began on May 1, 2019.

Training/Conferences:

Crisis Intervention Training

One staff member attended the three-day course sponsored by the Santa Cruz Sheriff's Office. Topics included Santa Cruz County behavioral health crisis services, field response tips, ways to build resilience, and medication identification.

Response Tactics for Critical Incident and In-Progress Crimes

One staff member attended this one-day training session. Topics included setting perimeters, decision making apprehending fleeing and barricaded suspects, incident leadership, and personalizing critical incident checklists.

Fuel Prices:

Unleaded	\$4.34
Commercial Unleaded	\$4.13
Diesel	\$3.89
Commercial Diesel	\$3.79

Facilities and Engineering Manager's Report

Public Meeting of May 28, 2019

Dredging:

North Harbor Dredging

Inner harbor dredging concluded for the season on April 30, 2019. Crews were able to dig up to the diverter wall, just south of the tubes. Depths of approximately 8.5' were achieved.

Entrance Dredging

An extension of the dredge season was authorized through Friday, May 24, 2019. Crews continue to dig and are making progress. Crews have been trying to dig the federal entrance channel back to design depth, which is 20' with a 2' over depth. Crews are planning to turn *Twin Lakes* around and finish out the season digging the west side of the channel by Aldo's.

Maintenance:

Aerators

Crews have deployed the aerators throughout the harbor.

Toyo Pump

Crews have been digging with the Toyo pump along the east jetty.

Kayak Rack

Crews are currently constructing a kayak rack for placement at J-dock in slips that are rendered unusable due to shallow depths. The construction should be completed by mid-June.

Weeds

Office staff joined the maintenance staff to help weed the north harbor. Crews weeded from J-dock to just north of W-dock in one day. Maintenance is slowly continuing to weed until the job is done.

Miscellaneous:

Car Show

The car show date has been set for October 13, 2019.

Twin Lakes Move

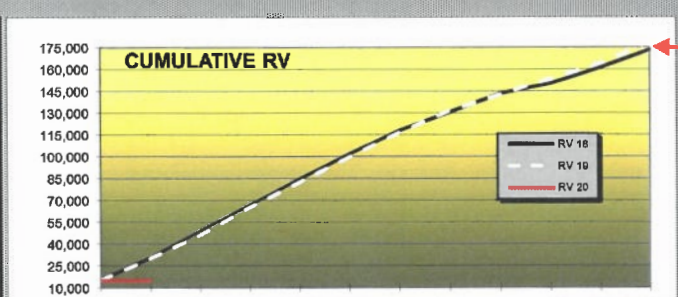
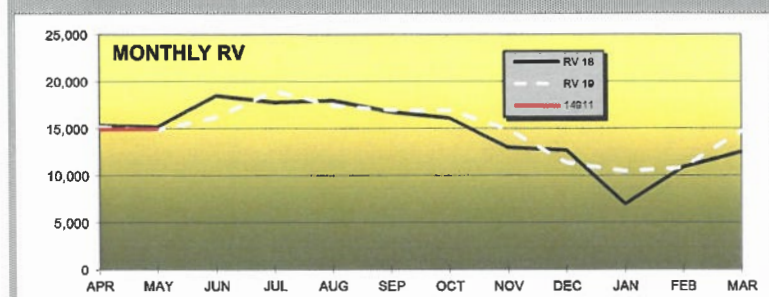
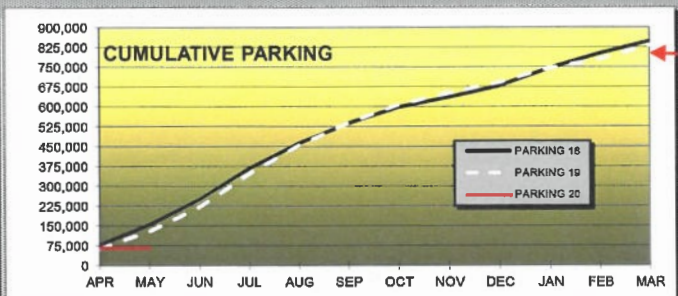
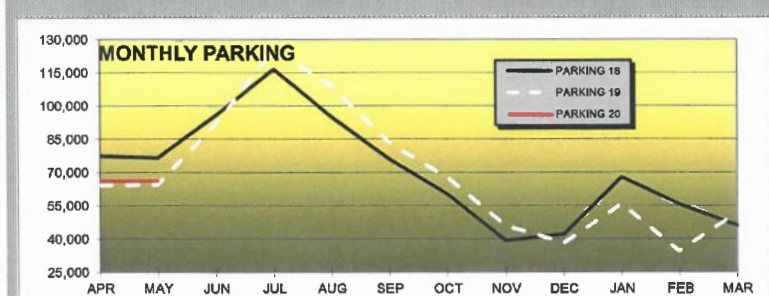
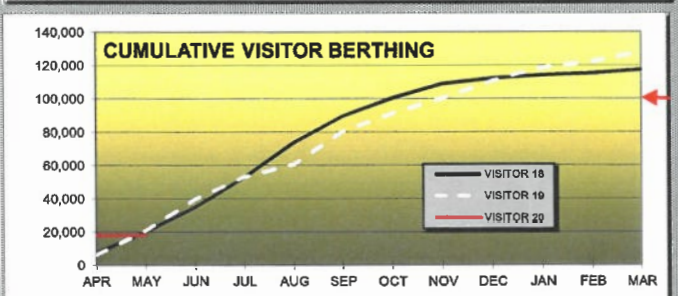
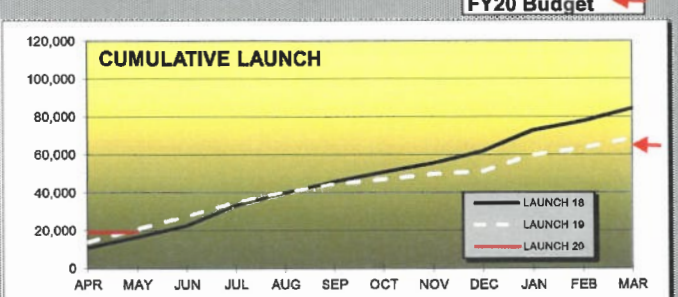
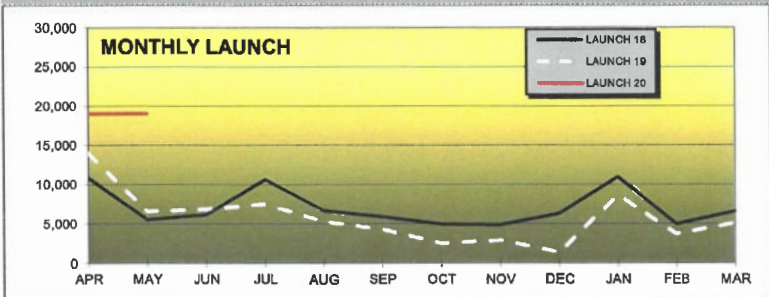
Twin Lakes will be moved to the north harbor mooring in June.

Dozer

The D-6 Dozer is currently in the shop awaiting some extensive repairs. Caterpillar has provided us with a repair quote and a replacement quote for a new piece of equipment. Staff is still working on the details and is planning to bring it to the Commission for approval in June. Options include repair or replacement.

SEASONAL INCOME

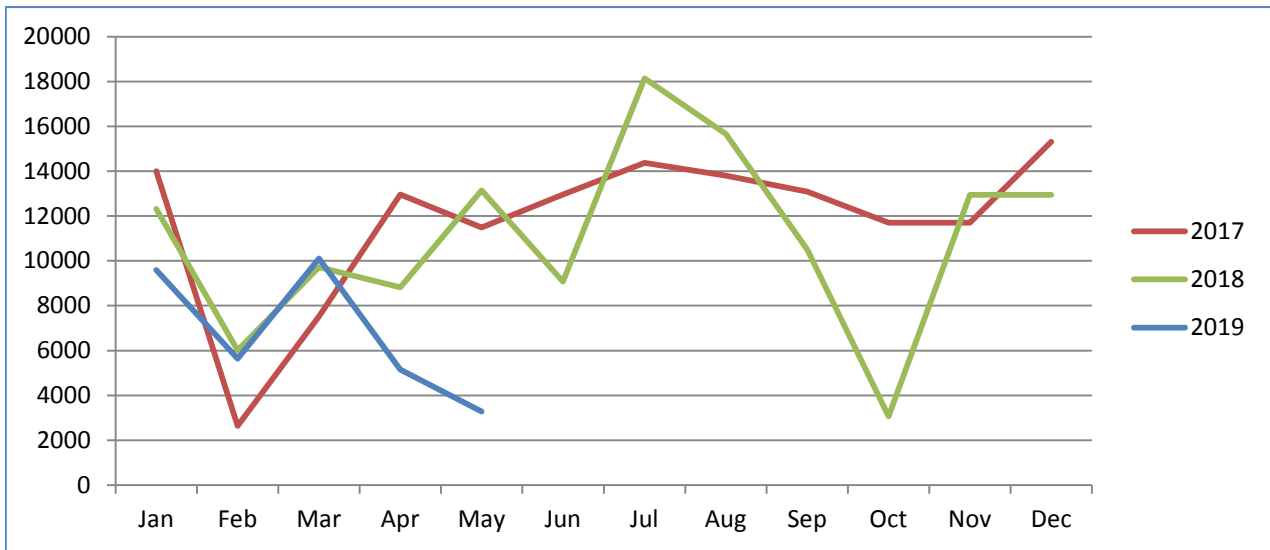
FY20 Budget ←



Santa Cruz Port District
60 DAY DELINQUENT ACCOUNTS

The following accounts have balances 60 days delinquent as of May 22, 2019

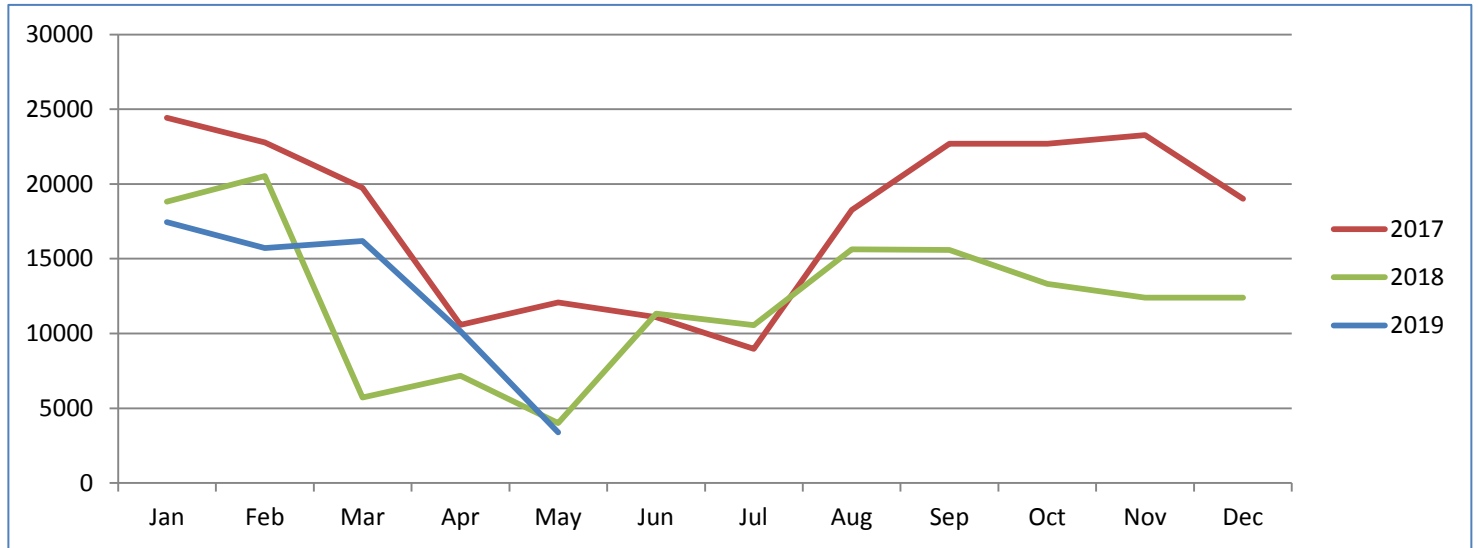
Account Number	Current Month	30 Day Balance	60 Day Balance	90 Day Balance	Total Balance
45891	515.95	447.45	310.42	0.00	1,273.82
3279	402.96	399.86	368.00	0.00	1,170.82
57928	147.93	146.92	142.99	0.00	437.84
55153	86.46	85.95	83.99	0.00	256.40
57411	0.00	34.97	103.54	0.00	138.51
Total:	1,153.30	1,115.15	1,008.94	0.00	3,277.39



Santa Cruz Port District
90+ DAY DELINQUENT ACCOUNTS

The following accounts have balances 90 days delinquent or greater as of May 22, 2019

Account Number	Current Month	30 Day Balance	60 Day Balance	90+ Day Balance	Total Balance	Commercial Slip	Action
42228	741.42	774.11	720.27	67.75	2,303.55	X	Payment Plan
57096	0.00	0.00	290.20	783.54	1,073.74		Bad Debt
TOTAL:	741.42	774.11	1,010.47	851.29	3,377.29		





TO: Port District Commission
FROM: Latisha Marshall, Harbormaster
DATE: May 1, 2019
SUBJECT: Crime/Incident/Citation Report April 2019

Crime Reports, Assists Outside Department, and Incident Reports:

- 4.11.19 Harbor Patrol responded to a report of an intoxicated subject attempting to drive his motorcycle out of the concession parking lot. Harbor Patrol arrested the subject and transported him to County jail.
- 4.12.19 Harbor Patrol responded to a report of a diesel sheen on the water in the area of the fuel dock. The small spill was contained and reported to the proper authorities in accordance with operating protocol.
- 4.17.19 Harbor Patrol responded to a report of a hit and run in the north harbor, after a large truck hit several harbor signs while exiting the harbor. The driver was contacted and agreed to pay for damages.
- 4.21.19 Harbor Patrol took a burglary report after tools and an EPIRB were reported missing from a vessel stored near Bayside Marine. The point of entry was determined to be a faulty hatch lock. No suspect information is available.

Search/Rescue/Recovery:

- 4.8.19 Harbor Patrol responded to a surfer in distress in the area of the Santa Cruz lighthouse. Prior to arrival, the Fire Department cancelled the call.
- 4.19.19 Harbor Patrol responded to a distress call from a vessel in the area of 24th Avenue. Upon arrival, the vessel was in the surf zone and approaching the beach. Harbor Patrol attached a line and towed the vessel back to the harbor.
- 4.21.19 Harbor Patrol was dispatched to a cliff rescue in the area of New Brighton State Beach. Upon arrival, the victims had self-rescued.
- 4.25.19 Harbor Patrol responded to a report of an abandoned vessel adrift in the area of Pleasure Point. Upon arrival, officers contacted the skipper and confirmed the vessel was manned and operable.

Parking citations: 233



April 24, 2019
Certified Mail

Chair
Santa Cruz Port District
135 5th Ave.
Santa Cruz CA 95062

SUBJECT: CALL FOR NOMINATIONS FOR THE SPECIAL DISTRICT ALTERNATE MEMBER SEAT ON LAFCO

Dear Board Chairperson:

The independent special districts in Santa Cruz County have three positions on the LAFCO board. The current Special District representatives are Jim Anderson (Felton Fire Protection District) and Rachél Lather (Soquel Creek Water District).

Commissioner Lather, previously LAFCO's Alternate Special District Member, was recently elected to be the new Regular Special District Member following the departure of Tom LaHue. As a result, the Special District Alternate Member seat on LAFCO is now vacant. The purpose of this letter is to solicit nominations for the alternate member position.

The term of the alternate position ends on May 3, 2021. The pool of people eligible to apply is anyone who is on the board of any independent special district in Santa Cruz County. I have attached a form by which a board member may apply for the position. An electronic format of the form can be accessed at the LAFCO website: <https://www.santacruzlafco.org>. The selection process rules are also posted on the LAFCO website (refer to the Policies & Rules webpage).

Please share this memo with other members of your board. **The deadline for returning completed nominations is 5:00 p.m. on June 7, 2019.**

Also, if you have any preferences whether to conduct the election by mail or by a meeting in person, please let me know no later than Friday, June 7th.

LAFCO staff is available to answer any questions about the selection process. After June 7, each district's presiding officer will be sent the nominations, along with an explanation of the voting process.

Sincerely,

Joe A. Serrano
Executive Officer

Enclosure: Nomination Form

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY



CALL FOR:
SPECIAL DISTRICT ALTERNATE MEMBER
NOMINATION PERIOD CLOSSES JUNE 7, 2019

INSTRUCTIONS:

If you are interested in serving as a special district alternate member on LAFCO, please complete and sign the following application and either mail, hand deliver, or email form to:

Mailing address:

LAFCO
701 Ocean Street, Room 318-D Santa Cruz CA 95060

Email:

Debra Means, Commission Clerk
debra@santacruzlafco.org

Applications must be received in the LAFCO office no later than **5:00 p.m. on Friday, June 7, 2019.**

Thank you for your interest in the Local Agency Formation Commission.

NOMINEE INFORMATION:

Name: _____

Mailing Address: _____

Phone(s): Home: _____

Cell: _____

Business: _____

Email Address: _____

District Board on which you currently serve on: _____

Previous Board, Commission, or Committee served:

Organization: _____

Term: _____

Organization: _____

Term: _____

Organization: _____

Term: _____

STATEMENT OF INTEREST:

You may attach separate documents, including a brief resumé, to present additional qualifications or provide a Statement of Interest in serving on LAFCO.

CERTIFICATION:

I certify that the information provided is true and correct, and I authorize the verification of the information in the application.

Printed Name of Board Member Interested in Serving on LAFCO

Signature

Date

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
Stephen Reed
Darren Gertler
Neli Cardoso

April 22, 2019

Carlos Palacios, County Administrative Officer
County of Santa Cruz
701 Ocean Street, 5th Floor
Santa Cruz, CA 95060

SUBJECT: County Funding Support for Santa Cruz Harbor Marine Rescue Service

Dear Mr. Palacios:

I appreciate the time that you and Budget Manager Christina Mowrey took to meet with me on March 21, 2019, to discuss our funding request in support of Santa Cruz Harbor's marine search and rescue program. We appreciate the County's commitment to increase annual funding to \$50,000 per year.

While we did not get a commitment on funding the District's one-time request in the amount of \$250,000 for a portion of the cost to purchase a replacement patrol vessel, we appreciate your suggestion that County staff may be able to identify funding at the end of the current fiscal year when the County budget is closed out in August. Santa Cruz Port District Commissioners have been in contact with County Supervisors to discuss this matter. The input Port Commissioners have received is that Supervisors support the District's funding request, and have suggested that it take priority over allocating unspent budget funds toward reserves at year end. As you know, it is critical that Santa Cruz Port District replace its 20-year old patrol vessel to ensure that the marine rescue program can continue.

During our meeting, you and Christina indicated that our request was late for the County's July 1 budget process, but you expressed a willingness to consider funding it as part of the County's next budget cycle (FY21). We respectfully request that if funding cannot be achieved as part of the County's budget close-out process, that the County commit to future budget funding of this one-time request.

A copy of our original request dated February 28, 2019, is attached. I appreciate your efforts to identify a source of funding for the Port District's one-time request. The Port District will, of course, leave it to your judgment to identify an appropriate source of funding though we believe options include the 45% increment of the Port District's property tax now

received by the County (approximately \$585,000 per year) and the Boat Tax Revenue received by the County which we understand is approximately \$277,500 per year.

We appreciate your consideration of our request, and thank you for your ongoing support of Santa Cruz Harbor's marine rescue program.

Sincerely,

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

Marian Olin
Port Director

cc: Christina Mowrey, County Budget Manager
Supervisor Ryan Coonerty
Supervisor John Leopold
Supervisor Bruce McPherson
Supervisor Zach Friend
Supervisor Greg Caput
Sheriff Jim Hart

Attachments: SCPD letter to County of SC dated 2/28/19

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
Stephen Reed
Darren Gerler
Neli Cardoso

February 28, 2019

Carlos Palacios, County Administrative Officer
County of Santa Cruz
701 Ocean Street, 5th Floor
Santa Cruz, CA 95060

SUBJECT: County Funding Support for Santa Cruz Harbor Marine Rescue Service

Dear Mr. Palacios:

As you may be aware, over the past two months, the Santa Cruz Port District Commission and staff have been in contact with County Supervisors to discuss the County's support of Santa Cruz Harbor's marine rescue service. We are requesting \$50,000 in annual support, and a one-time contribution toward the cost of a replacement patrol vessel in the amount of \$250,000.

The County of Santa Cruz has provided annual monetary support of Santa Cruz Harbor's marine rescue service since the early-1990's. At that time, the Port District, the County and City of Santa Cruz entered into a Joint Administrative Agreement which resulted in the Port District's property tax funding being distributed 45% to the County, and 55% to the City of Santa Cruz. The County, in recognition of its responsibility for service and the public benefits of the Port District's existing marine rescue service program, began providing annual support to the Port District. That annual funding support has diminished over time from what was initially \$33,000 per year, to approximately \$24,000 currently.

The Santa Cruz Harbor Patrol vessel and crew support other maritime emergency agencies and are an integral part of the County of Santa Cruz' Coastal Incident Response Plan. Agencies supported by the Port District's marine rescue service include the U.S. Coast Guard, the County of Santa Cruz Sheriff's Department and other local law enforcement agencies, Santa Cruz County Office of Emergency Services, City of Santa Cruz Lifeguard Service / Marine Rescue Unit, State Parks lifeguards and rangers, Capitola City lifeguards, Santa Cruz County Fire marine rescue swimmers, Aptos-La Selva Fire Protection District marine rescue swimmers, CDF Fire, and others.

As noted in the County's Coastal Incident Response Plan, *"The Santa Cruz Harbor Patrol has no jurisdictional responsibility in Santa Cruz County other than the Small Craft Harbor itself. The Harbor Patrol receives funding from Santa Cruz County to perform search and rescue missions within the three nautical mile line, which extends in Santa Cruz County to three nautical miles offshore including the Monterey Bay. If needed, the Harbor Patrol may extend beyond that boundary."* Regardless of having no jurisdictional responsibility, the Santa Cruz Harbor Patrol performed 337 marine search and rescue missions from 2015 to 2018, and saved 217 lives.

The annual contribution from the County helps fund vessel operators and crew, training, lifesaving equipment, marine law enforcement response, and patrol vessel maintenance and fuel.

Additionally, it helps ensure that the Santa Cruz Port District, a public agency primarily supported by user fees, can continue to provide this important service to the public.

We are also requesting \$250,000 in one-time support toward the cost of a replacement patrol vessel estimated to cost \$550,000. The Santa Cruz Harbor Patrol vessel is now 20 years old, and needs to be replaced to ensure that the marine rescue program can continue.

If the County Sheriff Department or another local agency had to provide this marine rescue program, it would bear the full cost and responsibility for acquiring a patrol vessel and year-round crew available 24/7, ongoing crew training, acquiring and maintaining lifesaving equipment, vessel and equipment maintenance and replacement, fuel, berthing costs, dispatch, insurance, liability, and program administration. The Port District continues to provide this important public service, though the County's support for this program has diminished over time.

The Santa Cruz Port District Commission and staff believe the request is modest and reasonable and deserving of your support. The 45% increment of the Port District's property tax now received by the County is more than adequate to fund this one-time request and the increase to the annual contribution. Documents in support of our request are appended.

We appreciate your full consideration of our request, and look forward to maintaining a mutually beneficial relationship with the County of Santa Cruz into the future.

Sincerely,



Marian Olin
Port Director

cc: Supervisor Ryan Coonerty
Supervisor John Leopold
Supervisor Bruce McPherson
Supervisor Zach Friend
Supervisor Greg Caput
Sheriff Jim Hart

Enclosures:

1. Description of Santa Cruz Harbor Patrol's Marine Rescue Services program
2. County of Santa Cruz Coastal Incident Response Plan, 11/14/07
3. Santa Cruz Harbor Patrol's Marine Rescue Statistics from 2015-18
4. *Santa Cruz Sentinel* article, "Nonviolent Aptos pier standoff ends without incident," February 14, 2019
5. Patrol Vessel Replacement Prototype (Specifications and Features)
6. Back up information on the current distribution of Santa Cruz Port District's Property Tax

Santa Cruz Harbor Patrol Marine Rescue Service

- Santa Cruz Harbor Patrol and vessel provide 24/7 open ocean emergency response
- Santa Cruz Harbor Patrol vessel and crew support other maritime emergency agencies and is an integral part of the County of Santa Cruz Coastal Incident Response Plan Entities supported include the U.S. Coast Guard, the County of Santa Cruz Sheriff's Department and other local law enforcement agencies, Santa Cruz County Office of Emergency Services, City of Santa Cruz Lifeguard Service / Marine Rescue Unit, State Parks lifeguards and rangers, Capitola City lifeguards, Santa Cruz County Fire marine rescue swimmers, Aptos-La Selva Fire Protection District marine rescue swimmers, CDF Fire, and others.
- Santa Cruz Harbor Patrol vessel is able to respond in restricted visibility situations
- Santa Cruz Harbor Patrol vessel operators and crew are professionally trained for nearshore and offshore rescue. Each member undergoes rigorous training provided by the California Department of Boating and Waterways and in-house training for offshore certification
- Santa Cruz Harbor Patrol vessel operators and crew are certified for basic life support with 1 EMT on staff at all times. The patrol vessel is stocked with all lifesaving equipment necessary to perform rescues in the area of responsibility
- Santa Cruz Harbor patrol provides maritime law enforcement support for Santa Cruz County (Sheriff's office, Santa Cruz police, Capitola police, California State Parks, Fish & Wildlife and US Coast Guard)
- Santa Cruz Harbor patrol vessel supports special events (City of Capitola fireworks, City of Santa Cruz fireworks, City of Santa Cruz Wharf swim, Jay Race, etc.)
- Santa Cruz Harbor Patrol supports wharf workers and responds to wharf and mooring incidents (City of Santa Cruz and City of Capitola)
- Santa Cruz Harbor Patrol performs daily equipment / maintenance inspections of the patrol vessel in order to keep a response-ready status at all times.
- If another local agency had to provide this service, it would bear the full cost of acquiring a patrol vessel and year-round crew available 24/7, ongoing crew training, acquiring and maintaining lifesaving equipment, vessel and equipment maintenance and replacement, fuel, berthing costs, dispatch, insurance, liability, and program administration.

Request

- \$50,000 annual support for marine search and rescue program (The current level of annual support is \$23,725, which has diminished over time)
- \$250,000 one-time contribution toward replacement patrol vessel

TEAM O'NEILL LTD

PO Box 6300
Santa Cruz, CA 95063
(831) 818-3645
info@sailoyc.com



Marian Olin
Port Director
Santa Cruz Harbor
135 5th Avenue
Santa Cruz CA 95062

April 26, 2019

Re: Team O'Neill LTD Charter Permit Amendments

Dear Director Olin,

We would like to extend our gratitude to you, the Port Commissioners, and the Port District staff for the time and effort in considering our Charter Application, and subsequent approval by the Commission of a new Charter Permit on March 26.

Thank you also for meeting with us on April 11 to discuss the Commission's approval, as well as our concerns and reservations regarding our ability to fulfill what you believe the Commission approved as part of the permit and our understanding of what they intended with their approval. We feel they intended something different with respect to balancing our proposal to incorporate a shuttle into our present right to parking spaces associated with our existing 49-passenger permit.

While we discussed numerous issues, the provision regarding use of the shuttle for groups of 20 or more is, and has been, the most troublesome for us. As we said during our meeting, we are willing to initiate and utilize a shuttle within the harbor, a significant and unprecedented obligation among all existing harbor users, but we are not able to abandon our current charter right to 49-passengers having unrestricted parking in the vicinity of boat. As you explained in our meeting, as written and interpreted by you, the proposed permit would effectively eliminate our existing 49-person entitlement and replace it with a 20-person criterion. Given our broader commitment to using a shuttle, the 20-person proposal is unnecessarily unfair and overly burdensome.

The situation was made worse for us by your having provided us your proposed Minutes for the March 26 Commission meeting on the afternoon of April 23, the very evening you



presented them to the Commission. This left us with no time to discuss the matter further and/or include the Commission in our discussion or explain our concerns. Instead they presumably were encouraged to approve Minutes for their March 26 permit approval without having been allowed to hear our concerns or decide for themselves what they meant to approve in our permit. Under nearly any conceivable circumstance, your dismissal of our concerns is disconcerting to say the least.

In any event, we wish to again reiterate our inability to accept the permit as approved and once again state our narrow concern regarding your continuing demand in which we use the shuttle for “group bookings of 20 passengers or more” is not sustainable for our charter business.

Rather than decline the permit as you interpret it we would prefer to resolve this matter. Preferably we suggest that the shuttle be used as proposed and only required at other times, for specific private charters for group bookings of 50 passengers or more, consistent with our existing 49-passenger charter permit. We continue to believe this will sustain not our operations, but greatly benefit the Port District both economically and by establishing the desired requirement to have charters incorporate use of shuttle services.

Alternatively, we would be willing to consider moving our charter business across the Harbor to the F Dock end-tie area where our charter business originally started and where you have stated the parking is less congested. We could run our operations from that side of the Harbor without the need to incorporate a shuttle service. In that event, we would be able to incorporate the new \$2 per person passenger fee in exchange for a 99-person service and would agree to use charter bus services for group bookings over 49 passengers.

While we remain open and willing to discuss other alternatives, if the above suggestions are not acceptable we will have no choice but to decline the permit as approved, downgrade our passenger rating on the new *Team O’Neill* catamaran with the U.S. Coast Guard to 49 passengers, and continue to operate under our existing permit as written, depriving both us and the Port District of the otherwise agreeable provisions in the new permit.

Separately, and in addition to the issue above, we have attached a letter from our boat sale broker stating that the sale of the current *Team O’Neill* catamaran is likely to take a year or more, consistent with what we explained in our April 11 meeting, based on the sale of that type and size vessel. Thus, your proposal under the “Other” section of the permit is not consistent with our discussion or request, namely that we be allowed to maintain the current *Team O’Neill* catamaran at F1 Dock until sold, and that thereafter we be permitted to berth *Toboggan* in that space, which is consistent with the invitation made by then-Port Director Brian Foss to Tim O’Neill when the F1 end-tie was originally offered to and accepted by the O’Neill family. In

exchange for this accommodation, the O'Neill's are willing to relinquish the 60-ft F8 dock back to the Port District.

Thank you once again for continuing to discuss with us the Team O'Neill charter permits and our efforts to accommodate your requests while attempting to sustain our business. We request the opportunity to discuss this matter with you as soon as possible – the afternoon of Monday, May 6 if possible – in order to determine whether any of the above proposals meet with your support. Please call me at your earliest convenience in order to schedule a meeting.

As always, the entire Team O'Neill organization thanks you and appreciates your continued support in this endeavor.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim O'Neill', with a stylized flourish at the end.

Tim O'Neill, President
Team O'Neill LTD



Team O'Neill

TEAM O'NEILL

Jim Elliott <Jim.Elliott@northropandjohnson.com> Wed, Apr 24, 2019 at 3:55 PM
To: Jenny Duckart <jenny@saloyc.com>, *Tim O'Neill (tonell@oneillwetsuits.com)* <tonell@oneillwetsuits.com>

Hi Tim,

Thank you for the conversation regarding putting your 1983 USCG 65' sailing catamaran, TEAM O'NEILL, on the market.

I do feel it's ideal that she is Coast Guard certified for 49 passages and has 4 staterooms and 2 heads. This should be beneficial to a particular group of buyers. It may not appeal to all buyers but for those serious ones, it will help.

The market is a bit mixed at this time, but based on my experience, a vessel of this type, size, and age will likely require at least a year to market and find the right buyer. Unfortunately, color-print advertising is about 60 to 90 days out, as the magazines have a long lead time once an ad is placed. Websites go online fairly fast. I would want to do a professional photo shoot. That normally takes about 30 days to get that completed and online.

Finding the right buyer will be important with the boat being 36 years old. It will have to be a cash buyer; a lender will not loan on a vessel over 30 years old - that does limit it somewhat.

I will do further research into the market to see what our comps are. Let me know any questions you might have at this time.

Best Regards,

Jim Elliott

Jim Elliott Sales Broker
Jim.Elliott@NorthropandJohnson.com



3471 Via Lido, Suite 206 :: Newport Beach, CA 92663 United States
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Mobile +1 949 887 8927 northropandjohnson.com



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TEAM O'NEILL LTD

PO Box 6300
Santa Cruz, CA 95063
(831) 818-3645
info@sailoyc.com



Dennis Smith, Chairman
Santa Cruz Port Commission
Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062

May 13, 2019

Re: Team O'Neill LTD Charter Permit for the New *Team O'Neill* Catamaran

Dear Chairman Smith and Commissioners,

On behalf of Team O'Neill LTD and all our family and employees, I would like to extend my gratitude to each of you for your time, consideration and approval of Team O'Neill's application for a 99-Pak Charter Operation at the Port Commission's March 26 meeting. We appreciate not only your thoughtful deliberation that evening, but the time and support provided to us by Port Director Marian Olin and the Port District staff leading up to and following the meeting.

I am writing to you now because although we sincerely appreciate the new permit, we have carefully analyzed the associated conditions and have determined we cannot operate a sustainable charter within the proposed constraints. After deliberate and mindful examination we have reluctantly concluded that we cannot accept the new 99-Pak Charter Permit as it is currently written with the conditions required.

Our chief mission in operating a charter boat out of the Santa Cruz Harbor has always been to provide reasonably priced access to and education about the Monterey Bay National Marine Sanctuary. For decades, Team O'Neill has carried out this mission through O'Neill Yacht Charters' seasonal public sailing tours and O'Neill Sea Odyssey's non-profit educational, hands-on field trips.

To continue this mission for many more decades to come, we felt the best option for us was to construct a new catamaran that would stand the test of time, allowing thousands of community members, students, and tourists alike to experience the unparalleled beauty and marine ecosystem of the Monterey Bay. During this time, we worked closely with ship builder and the

U.S. Coast Guard to construct a similarly sized catamaran. We were excited when the Coast Guard certified the vessel for a capacity of up to 99 passengers.

We were looking forward to putting our new vessel into operation this summer and had been working with Port District staff, beginning with former Port Director Lisa Ekers in 2016, to collaborate for that to happen. The first setback for us was that the increase of passengers from our existing 49-Pak permit to 99-Pak required Team O’Neill to obtain a new permit, with numerous additional conditions associated with it. We worked closely with Port District staff to discuss and consider those conditions and impacts leading up to the March 26 meeting.

Unfortunately, the staff report and accompanying recommendation published just before the March 26 meeting included conditions that we did not consider, namely that a shuttle would be required for groups of over 20, and not over 49, which is the number of passengers we are currently permitted to serve without providing shuttle operations.

Though I am deeply grateful of the Port Commission’s support, after contemplating the full impacts and costs of the conditions attached therein and assessing the operational and financial repercussions on our current staff and services, the new permit will almost certainly have significant, lasting and potentially catastrophic negative impacts on our primary mission and economic sustainability.

Our main concern is in the new permit’s Parking and Shuttle Service section:

The shuttle shall operate for all scheduled charters on the weekends and holidays year round (peak and non-peak season), and mid-week for group bookings of **20 passengers or more** that have not made other group transportation arrangements.*

We find this condition unfairly burdensome because our existing and historic charter operations allows for us to accommodate up to 49 passengers without providing any shuttle services or other mitigation. In our new 99-Pak Charter Permit application, we proposed using shuttle services to account for the delta—the new catamaran’s increased capacity from 49 to 99—and proposed providing solutions and mitigation specifically designed to accommodate the additional 50 passengers we could *potentially* carry. We did not propose, and did not mean to propose, using a shuttle for the existing capacity we are already entitled to carry pursuant to our existing 49-Pak Charter Permit.

During the March 26 Port Commission meeting, we believed the Port Commissioners recognized this as well, and stated what we concluded to be the Commission’s intent that a shuttle not be required for groups of less than 50. Though the Minutes that followed the

meeting were unclear in our opinion, our understanding was that what this condition was modified during the meeting to state 50, not 20 passengers.

Unfortunately, since the March 26 meeting, we have been unable to satisfactorily resolve these concerns with Port District staff. At the recommendation of Port Director Olin I am writing to you now in order to suggest an alternative in lieu of having to decline the new 99-Pak Charter Permit.

With the support of the Port Commission, we propose modification to the new Charter Permit to clarify that for charters with OYC, a shuttle will be provided for groups of 50 or more if the group has not made other transportation arrangements. We feel this amendment would more precisely address, resolve, and mitigate any impacts associated with the potential increase of passengers associated with use of the of new vessel.

Pursuant to our economic analysis and discussions with Director Olin, if the Commission is not supportive of this alternative, we have determined that we have no sustainable alternative but to apply to the Coast Guard for a reduction in the passenger capacity of the new vessel, downgrading from 99 to 49 passengers. This would facilitate a simple replacement our existing catamaran with the new catamaran and allow us to continue our operations under our existing permit.

Given our mutual support for much of the new permit this is not the result that we initially hoped for. However, given the reality of trying to operate the business, it is the result we cannot afford to ignore without jeopardizing its future viability.

I'd be happy to meet and discuss these issues further, so please do not hesitate to contact me.

As always, thank you for taking the time to consider our input and continuing efforts to improve our charter operations. We appreciate all your hard work and diligence in this matter.

Sincerely,



Tim O'Neill, President
Team O'Neill LTD

May 1, 2019

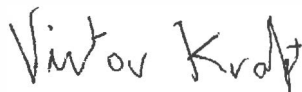
Santa Cruz Port District
135 5th Avenue
Santa Cruz, CA 95062

Subject: Catherina G

My name is Victor Kraft. I own the vessel 'Catherina G'. I no longer want this historical boat and will give it to the Santa Cruz Port District. I would like to see it on display at the Santa Cruz Port as a monument to Victor Ghio. This vessel was the first boat to enter the harbor after it was built in 1960. A movie "Voyage of the Heart" is about Victor Ghio and you can observe this on the internet.

Victor Ghio is a legend to the local fisherman and this vessel would be a beautiful attraction to the harbor. I will give all documentation on the boat to the port district.

Yours truly

A handwritten signature in black ink that reads "Victor Kraft". The signature is written in a cursive, slightly slanted style.

Victor Kraft

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
- ✓ Review of FY20 Fee Schedule

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

Committee Review Items (timeline not specified)

- ✓ Outside Contractors (Policy Committee)

2020

January-March

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

April-June

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

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

2020

- ___ Biennial Update to Conflict of Interest Code

2021

- ___ Bi-annual Anti-Harassment/Anti-Discrimination Training

Key

- ___ Pending
- In process
- ✓ Done