



Special Closed and Special Public Session of July 2, 2024

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

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

SPECIAL PUBLIC SESSION – 11:00 AM

Chair Reed convened the special public session at 11:05 AM at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA (hybrid meeting platform).

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

At 11:05 AM, Chair Reed announced that the Commission will meet in closed session to discuss agenda item 3.

SPECIAL CLOSED SESSION

3. Conference with Real Property Negotiators
Property: Murray Street Bridge Seismic Retrofit Project
Agency Designated Representative: H. MacLaurie
Negotiating Parties: City of Santa Cruz
Under Negotiation: Right-of-Way Acquisition

SPECIAL PUBLIC SESSION – 12:00 PM

Chair Reed convened the special public session at 12:00 PM at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA (hybrid meeting platform).

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

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

Commissioner Gertler was reported absent.

5. Oral Communication

6. Approval for Easement Agreements Between the City of Santa Cruz and Santa Cruz Port District for Purposes of Constructing the Murray Street Bridge Seismic Retrofit Barrier and Replacement Project

Discussion: Port Director MacLaurie stated that the Port Commission reviewed the draft Easement Agreement in closed session on May 28, 2024, and again today, July 2, 2024, preceding this meeting. She stated that the final draft is now presented for approval, and District Counsel Marc Centor is attending virtually to answer any questions.

Joshua Spangrud, Senior Civil Engineer for the City of Santa Cruz, provided a project update and stated that the project went out for bid for a second time on June 27, 2024, with proposals due by August 29, 2024. He stated that the project plans and specifications remain largely unchanged from those advertised in 2023, with the exception of a more thoughtfully reconfigured phased approach.

MOTION: Motion made by Commissioner Geisreiter, seconded by Vice-chair Smith to approve the easement agreements between the City of Santa Cruz and Santa Cruz Port District; and authorize the Port Director to execute the Easement Agreement documents.

- *Motion carried. Commissioner Gertler ABSENT.*

Chair Reed adjourned the special open session following the closed meeting at 12:06 PM.

Stephen Reed, Chair



Special Closed and Regular Public Session of July 23, 2024

**Santa Cruz Port Commission
MINUTES**

Commission Members Present:

| | |
|-----------------|--------------|
| Stephen Reed | Chair |
| Dennis Smith | Vice-chair |
| Toby Goddard | Commissioner |
| Reed Geisreiter | Commissioner |
| Darren Gertler | Commissioner |

SPECIAL PUBLIC SESSION – 3:30 PM

Chair Reed convened the special public session at 3:30 PM at the Harbor Public Meeting Room, 365 A Lake Avenue, Santa Cruz, CA.

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

At 3:30 PM, Chair Reed announced that the Commission will meet in closed session to discuss agenda items 3 and 4.

SPECIAL CLOSED SESSION

3. Conference with Real Property Negotiators
Property: 7th and Brommer (Southwest Parcels)
Agency Designated Representative: H. MacLaurie
Negotiating Parties: County of Santa Cruz
Under Negotiation: Property Acquisition
4. Conference with Real Property Negotiators
Property: O-Dock Restroom Facility (Rooftop)
Agency Designated Representative: H. MacLaurie
Negotiating Parties: Verizon Wireless
Under Negotiation: Lease

SPECIAL PUBLIC SESSION

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

Chair Reed announced that the Commission took no reportable action in closed session on items 3 and 4.

Chair Reed adjourned the special open session following the closed meeting at 5:19 PM.

REGULAR PUBLIC SESSION – 5:30 PM

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

6. Pledge of Allegiance
7. Oral Communication

Chair Reed announced that the Commission took no reportable action in closed session on items 3 and 4.

In response to a request made by audience member, Jim Crane, Port Director MacLaurie stated that all licensed contractors are invited to submit their information for inclusion on the Port District's list of qualified bidders available on the District's website or by contacting the harbor office.

Commissioner Goddard expressed appreciation to staff for their work on replacing the Santa Cruz Harbor entry/dedication sign on the west side along Atlantic Avenue. He noted that the newly installed sign is a beautifully crafted, wood-carved piece that replicates the original, which preserves the charm and character of the harbor.

Chair Reed reported that on Saturday, July 20, 2024, during the Pu Pu 'O Hawaii Outrigger event, the harbor was the busiest he has seen in his 50 year tenure.

CONSENT AGENDA

8. Approval of Minutes
 - a) Special Closed and Regular Public Meeting of June 25, 2024
9. Approval of Adventure Sports Journal Sublease Agreement – 333 Lake Avenue, Suite D (Tenant: Call Me Ishmael, LLC)

MOTION: Motion made by Commissioner Gertler, seconded by Commissioner Geisreiter to approve consent agenda item 9.
- *Motion carried unanimously.*

REGULAR AGENDA

10. Presentation by J. Serrano – LAFCO Sphere of Influence Review

Discussion: Port Director MacLaurie introduced Executive Officer for the Local Agency Formation Commission (LAFCO), Joe Serrano. She stated that LAFCO performs municipal service reviews every five years and that the Port District's last review was completed in August 2019.

Mr. Serrano provided an overview of the draft report summarizing the District's operations, services, and financial health. He highlighted one

notable recommendation to amend the District's sphere of influence to include previously excluded portions of the City of Santa Cruz.

Mr. Serrano stated that LAFCO's report and recommendation serve as a planning tool only, with no requirement for annexation, though the District may pursue it in the future if desired.

Chair Reed expressed his appreciation for the report stating that it provides a comprehensive overview of the Port District's operation. Commissioner Goddard agreed.

In response to a request made by Commissioner Goddard, Mr. Serrano agreed to include more information in the report regarding the Port District's dredging operations.

A brief discussion ensued regarding amending the District's sphere of influence boundary to include previously excluded portions of the City. There was a consensus among the Commission to accept the recommendation.

11. Approval of Cash/Payroll Disbursements – June 2024 (*There was no discussion on this agenda item*)

MOTION: Motion made by Vice-chair Smith, seconded by Commissioner Goddard to approve cash and payroll disbursements for June 2024, in the amount of \$1,982,790.81.
- *Motion carried unanimously.*

INFORMATION

12. Port Director's Report

In response to a question posed by Commissioner Goddard, Port Director MacLaurie outlined the tentative dredge plan for the upcoming season, and noted that the crew will focus on deepening the shoulder areas along the west jetty, as well as the northern portions of the channel.

13. Harbormaster's Report

In response to a question posed by Commissioner Goddard, Harbormaster Anderson stated that the U.S. Coast Guard is responsible for maintaining the channel markers, which are expected to be back in place by the end of the week.

Harbormaster Anderson stated that visitorship to the harbor remains high as the summer progresses and inland temperatures rise.

14. Facilities Maintenance & Engineering Manager's Report

Facilities Maintenance & Engineering Manager Wulf stated that Osmun Construction has

completed the temporary repairs to the west side sinkhole, and that the security fencing in the area is scheduled to be removed.

Vice-chair Smith complimented staff for their efforts in cleaning up the dredge yard.

15. O'Neill Sea Odyssey Annual Report

Executive Director of O'Neill Sea Odyssey (OSO), Tracey Weiss, provided an overview of the OSO Program, emphasizing that the program continues to be successful in meeting its objectives.

16. Financial Reports (*There was no discussion on this agenda item*)

- a) Comparative Seasonal Revenue Graph
- b) Quarterly Comparative Budget Report
- c) Quarterly Employee Count
- d) Quarterly Boatyard Report
- e) Quarterly Fuel Sales Report
- f) Quarterly Concession Percentage Rent Report
- g) LAIF and CLASS Statements

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

18. Harbor Patrol Incident Response Report – June 2024 (*There was no discussion on this agenda item*)

19. Port Commission Review Calendar / Follow-Up Items (*There was no discussion on this agenda item*)

Chair Reed adjourned the regular public session at 6:25 PM.

Stephen Reed, Chair

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



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

TO: Port Commission
FROM: Holland MacLaurie, Port Director
DATE: August 16, 2024
SUBJECT: Review Draft FY24 Audited Financial Statement

INFORMATION

Pay Kaymark of the auditing firm Nigro & Nigro will participate in the August 27 meeting and present the draft audit. The draft audit is appended as Attachment A. Mr. Kaymark's outline summarizing audit findings will be distributed prior to the meeting.

The final audit will be presented to the Commission for acceptance at the September meeting.

ATTACHMENTS: A. DRAFT Audited Financial Statements as of March 31, 2024

**SANTA CRUZ PORT DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Years Ended
March 31, 2024
(With Comparative Amounts as of March 31, 2023)**

NIGRO & NIGRO^{PC}

SANTA CRUZ PORT DISTRICT
For the Fiscal Years Ended March 31, 2024
Table of Contents

FINANCIAL SECTION

Page

Independent Auditors' Report 1
Management's Discussion and Analysis..... 4
Basic Financial Statements:
 Balance Sheets..... 9
 Statements of Revenues, Expenses and Changes in Net Position.....11
 Statements of Cash Flows.....12
Notes to Financial Statements14

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability41
Schedule of the District's Contributions to the Pension Plan42
Schedule of Changes in the District's Net OPEB Liability and Related Ratios.....43

SUPPLEMENTARY INFORMATION

Schedule of Operating Expenses45

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards.....46

Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Port Commissioners
Santa Cruz Port District
Santa Cruz, California

Opinion

We have audited the accompanying financial statements of the Santa Cruz Port District (District), which comprise the balance sheets as of March 31, 2024, and related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of March 31, 2024, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Agency's Proportionate Share of the Plan's Net Pension Liability, Schedule of the Agency's Contributions to the Pension Plan, and Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Operating Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended March 31, 2023, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated September 24, 2024, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Walnut Creek, California
September 24, 2024

SANTA CRUZ PORT DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended March 31, 2024 (With Comparative Amounts as of March 31, 2023)

Management's Discussion and Analysis (MD&A) offers readers of Santa Cruz Port District's financial statements a narrative overview of the District's financial activities for the years ended March 31, 2024. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2024, the District's net position increased 4.39%, or \$1,545,503 from the prior year's net position of \$35,165,484 to \$36,710,987, as a result of the year's operations.
- In fiscal year 2024, operating revenues decreased by 1.32%, or \$152,933 from \$11,611,323 to \$11,458,390 from the prior year, primarily due to a \$113,552 decrease in charges for berthing and services.
- In fiscal year 2024, operating expenses before depreciation expense increased by 23.89% or \$1,806,990 from \$7,564,732 to \$9,371,722, from the prior year, primarily due to a \$1,378,154 increase in salaries and benefits expenses as a result of the annual revaluation of the District's net OPEB and pension liabilities, with the majority of the increase in benefits expense being non-cash. The District also had a \$576,542 increase in insurance expenses.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

SANTA CRUZ PORT DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended March 31, 2024 (With Comparative Amounts as of March 31, 2023)

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Condensed Balance Sheets

| | <u>March 31, 2024</u> | <u>March 31, 2023</u> | <u>Change</u> |
|---|-----------------------|-----------------------|---------------------|
| Assets: | | | |
| Current assets | \$ 20,208,954 | \$ 16,053,582 | \$ 4,155,372 |
| Noncurrent | 13,504,316 | 14,239,955 | (735,639) |
| Capital assets, net | <u>35,820,824</u> | <u>35,441,044</u> | <u>379,780</u> |
| Total assets | <u>69,534,094</u> | <u>65,734,581</u> | <u>3,799,513</u> |
| Deferred outflows of resources | <u>2,272,662</u> | <u>2,337,567</u> | <u>(64,905)</u> |
| Total assets and deferred outflows of resources | <u>\$ 71,806,756</u> | <u>\$ 68,072,148</u> | <u>\$ 3,734,608</u> |
| Liabilities: | | | |
| Current liabilities | \$ 7,287,514 | \$ 2,863,452 | \$ 4,424,062 |
| Noncurrent liabilities | <u>14,727,008</u> | <u>15,889,542</u> | <u>(1,162,534)</u> |
| Total liabilities | <u>22,014,522</u> | <u>18,752,994</u> | <u>3,261,528</u> |
| Deferred inflows of resources | <u>13,081,247</u> | <u>14,153,670</u> | <u>(1,072,423)</u> |
| Net position: | | | |
| Net investment in capital assets | 26,233,423 | 24,524,962 | 1,708,461 |
| Restricted | 1,057,277 | 1,029,556 | 27,721 |
| Unrestricted | <u>9,420,287</u> | <u>9,610,966</u> | <u>(190,679)</u> |
| Total net position | <u>36,710,987</u> | <u>35,165,484</u> | <u>1,545,503</u> |
| Total liabilities, deferred inflows and net position | <u>\$ 71,806,756</u> | <u>\$ 68,072,148</u> | <u>\$ 3,734,608</u> |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$36,710,987 and \$35,165,484 as of March 31, 2024, and 2023, respectively.

SANTA CRUZ PORT DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended March 31, 2024 (With Comparative Amounts as of March 31, 2023)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (71% as of March 31, 2024, and 70% as of March 31, 2023) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of fiscal years 2024 and 2023, the District showed a positive balance in its unrestricted net position of \$9,420,287 and \$9,610,966, respectively, which may be utilized in future years.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

| | <u>March 31, 2024</u> | <u>March 31, 2023</u> | <u>Change</u> |
|-------------------------------|-----------------------|-----------------------|---------------------|
| Revenues: | | | |
| Operating revenues | \$ 11,458,390 | \$ 11,611,323 | \$ (152,933) |
| Non-operating revenues | 1,839,966 | 2,328,911 | (488,945) |
| Total revenues | <u>13,298,356</u> | <u>13,940,234</u> | <u>(641,878)</u> |
| Expenses: | | | |
| Operating expenses | 9,371,722 | 7,564,732 | 1,806,990 |
| Depreciation | 2,111,480 | 2,184,840 | (73,360) |
| Non-operating expenses | 348,396 | 394,410 | (46,014) |
| Total expenses | <u>11,831,598</u> | <u>10,143,982</u> | <u>1,687,616</u> |
| Capital contributions | <u>78,745</u> | <u>-</u> | <u>78,745</u> |
| Change in net position | <u>1,545,503</u> | <u>3,796,252</u> | <u>(2,250,749)</u> |
| Net position: | | | |
| Beginning of year | <u>35,165,484</u> | <u>31,369,232</u> | <u>3,796,252</u> |
| End of year | <u>\$ 36,710,987</u> | <u>\$ 35,165,484</u> | <u>\$ 1,545,503</u> |

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased by \$1,545,503 and \$3,796,252 for the years ended March 31, 2024, and 2023, respectively.

SANTA CRUZ PORT DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended March 31, 2024 (With Comparative Amounts as of March 31, 2023)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

| Operating revenues: | March 31, 2024 | March 31, 2023 | Change |
|-------------------------------------|-----------------------|-----------------------|---------------------|
| Charges for berthing and services | \$ 8,947,391 | \$ 9,060,943 | \$ (113,552) |
| Rents and concessions | 2,510,999 | 2,550,380 | (39,381) |
| Total operating revenues | 11,458,390 | 11,611,323 | (152,933) |
| Non-operating revenues: | | | |
| Investment earnings | 801,899 | 228,918 | 572,981 |
| Grants and contributions | 88,322 | 82,393 | 5,929 |
| Dredging reimbursement | 525,000 | 525,000 | - |
| Sale of capital assets | 3,050 | - | 3,050 |
| Tsunami insurance reimbursement | - | 887,363 | (887,363) |
| Other non-operating revenues | 421,695 | 605,237 | (183,542) |
| Total non-operating revenues | 1,839,966 | 2,328,911 | (488,945) |
| Capital contributions | 78,745 | - | 78,745 |
| Total revenue | \$ 13,377,101 | \$ 13,940,234 | \$ (641,878) |

In fiscal year 2024, operating revenues decreased by 1.32%, or \$152,933 from \$11,611,323 to \$11,458,390 from the prior year, primarily due to a \$113,552 decrease in charges for berthing and services. Non-operating revenue decreased by \$488,945 primarily due to a one-time insurance reimbursement in fiscal year 2023.

Total Expenses

| Operating expenses: | March 31, 2024 | March 31, 2023 | Change |
|-------------------------------------|-----------------------|-----------------------|---------------------|
| Salaries and benefits | \$ 4,680,581 | \$ 3,302,427 | \$ 1,378,154 |
| Facilities and maintenance | 546,498 | 505,670 | 40,828 |
| Professional and legal | 413,612 | 378,998 | 34,614 |
| Materials and services | 2,370,642 | 2,593,790 | (223,148) |
| Insurance | 1,360,389 | 783,847 | 576,542 |
| Total operating expenses | 9,371,722 | 7,564,732 | 1,806,990 |
| Depreciation | 2,111,480 | 2,184,840 | (73,360) |
| Non-operating expenses: | | | |
| Interest expense – long-term debt | 348,396 | 394,410 | (46,014) |
| Total non-operating expenses | 348,396 | 394,410 | (46,014) |
| Total expenses | \$ 11,831,598 | \$ 10,143,982 | \$ 1,687,616 |

In fiscal year 2024, operating expenses before depreciation expense increased by 23.89% or \$1,806,990 from \$7,564,732 to \$9,371,722, from the prior year, primarily due to a \$1,378,154 increase in salaries and benefits expenses as a result of the annual revaluation of the District's net OPEB and pension liabilities, with the majority of the increase in benefits expense being non-cash. The District also had a \$576,542 increase in insurance expenses.

SANTA CRUZ PORT DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended March 31, 2024 (With Comparative Amounts as of March 31, 2023)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Capital Assets

| <u>Description</u> | <u>March 31, 2024</u> | <u>March 31, 2023</u> |
|---------------------------|-----------------------|-----------------------|
| Non-depreciable assets | \$ 3,410,677 | \$ 3,199,412 |
| Depreciable assets | 71,521,078 | 69,297,782 |
| Accumulated depreciation | <u>(39,110,931)</u> | <u>(37,056,150)</u> |
| Total capital assets, net | <u>\$ 35,820,824</u> | <u>\$ 35,441,044</u> |

At the end of fiscal year 2024, and 2023, the District's investment in capital assets amounted to \$35,820,824, and \$35,441,044 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$2,491,260 for various projects and equipment for the year ended March 31, 2024. See Note 5 for further information.

Debt Administration

The long-term debt of the District is summarized below:

| <u>Description</u> | <u>March 31, 2024</u> | <u>March 31, 2023</u> |
|--------------------|-----------------------|-----------------------|
| Long-term debt | <u>\$ 9,587,401</u> | <u>\$ 10,916,082</u> |

Long-term debt decreased by \$1,328,681 for the year ended March 31, 2024, due to regular principal payments on the District's revenue obligations and loans payable. See Note 8 for further information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Port Director at 135 5th Avenue, Santa Cruz, CA 95062

SANTA CRUZ PORT DISTRICT

Balance Sheets

For the Years Ended March 31, 2024 (With Comparative Amounts as of March 31, 2023)

| ASSETS | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| Current assets: | | |
| Cash and investments (Note 2) | \$ 19,069,634 | \$ 14,712,539 |
| Accrued interest receivable | 3,120 | 90,362 |
| Accrued interest receivable –leases | 34,994 | 36,735 |
| Accounts receivable | 196,080 | 370,963 |
| Lease receivable (Note 4) | 756,221 | 704,378 |
| Materials and supplies inventory | 18,500 | 15,832 |
| Prepaid items | 130,405 | 122,773 |
| Total current assets | <u>20,208,954</u> | <u>16,053,582</u> |
| Non-current assets: | | |
| Restricted – cash and cash equivalents (Note 3) | 1,057,277 | 1,029,556 |
| Lease receivable (Note 4) | 12,447,039 | 13,210,399 |
| Capital assets – not being depreciated (Note 5) | 3,410,677 | 3,199,412 |
| Capital assets – being depreciated, net (Note 5) | 32,410,147 | 32,241,632 |
| Total non-current assets | <u>49,325,140</u> | <u>49,680,999</u> |
| Total assets | <u>69,534,094</u> | <u>65,734,581</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources related to pensions (Note 10) | 2,109,089 | 2,146,081 |
| Deferred outflows of resources related to OPEB (Note 11) | 163,573 | 191,486 |
| Total deferred outflows of resources | <u>2,272,662</u> | <u>2,337,567</u> |
| Total assets and deferred outflows of resources | <u>\$ 71,806,756</u> | <u>\$ 68,072,148</u> |

SANTA CRUZ PORT DISTRICT*Balance Sheets (continued)**For the Years Ended March 31, 2024 (With Comparative Amounts as of March 31, 2023)*

LIABILITIES**Current liabilities:**

| | | |
|---|------------------|------------------|
| Accounts payable and accrued expenses | \$ 406,215 | \$ 436,332 |
| Customer deposits and unearned revenue (Note 6) | 5,365,278 | 948,405 |
| Accrued interest payable | 51,528 | 62,257 |
| Long-term liabilities – due within one year: | | |
| Compensated absences (Note 7) | 51,436 | 49,484 |
| Loans payable (Note 8) | 1,204,395 | 1,165,428 |
| Revenue obligations payable (Note 8) | 208,662 | 201,546 |
| Total current liabilities | 7,287,514 | 2,863,452 |

Non-current liabilities:

| | | |
|--|-------------------|-------------------|
| Long-term liabilities – due in more than one year: | | |
| Compensated absences (Note 7) | 120,018 | 115,462 |
| Loans payable (Note 8) | 6,075,450 | 7,279,845 |
| Revenue obligations payable, net (Note 8) | 2,098,894 | 2,269,263 |
| Net OPEB liability (Note 10) | 648,233 | 807,791 |
| Net pension liability (Note 9) | 5,784,413 | 5,417,181 |
| Total non-current liabilities | 14,727,008 | 15,889,542 |
| Total liabilities | 22,014,522 | 18,752,994 |

DEFERRED INFLOWS OF RESOURCES

| | | |
|--|-------------------|-------------------|
| Deferred inflows of resources related to leases (Note 4) | 12,451,756 | 13,527,701 |
| Deferred inflows of resources related to pensions (Note 9) | 270,219 | 460,211 |
| Deferred inflows of resources related to OPEB (Note 10) | 359,272 | 165,758 |
| Total deferred inflows of resources | 13,081,247 | 14,153,670 |

NET POSITION

| | | |
|--|----------------------|----------------------|
| Net investment in capital assets (Note 11) | 26,233,423 | 24,524,962 |
| Restricted for debt service (Note 3) | 1,057,277 | 1,029,556 |
| Unrestricted | 9,420,287 | 9,610,966 |
| Total net position | 36,710,987 | 35,165,484 |
| Total liabilities, deferred inflows of resources and net position | \$ 71,806,756 | \$ 68,072,148 |

SANTA CRUZ PORT DISTRICT*Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended March 31, 2024*

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| OPERATING REVENUES | | |
| Charges for berthing and services | \$ 8,947,391 | \$ 9,060,943 |
| Rents and concessions | 2,510,999 | 2,550,380 |
| Total operating revenues | <u>11,458,390</u> | <u>11,611,323</u> |
| OPERATING EXPENSES | | |
| Salaries and benefits | 4,680,581 | 3,302,427 |
| Facilities and maintenance | 546,498 | 505,670 |
| Professional and legal services | 413,612 | 378,998 |
| Materials and services | 2,370,642 | 2,593,790 |
| Insurance | 1,360,389 | 783,847 |
| Total operating expenses before depreciation | <u>9,371,722</u> | <u>7,564,732</u> |
| Operating income before depreciation | 2,086,668 | 4,046,591 |
| Depreciation expense | <u>(2,111,480)</u> | <u>(2,184,840)</u> |
| Operating income(loss) | <u>(24,812)</u> | <u>1,861,751</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Investment earnings | 801,899 | 228,918 |
| Interest expense – long-term debt | (348,396) | (394,410) |
| Grants and contributions | 88,322 | 82,393 |
| Dredging reimbursement (Note 12) | 525,000 | 525,000 |
| Sale of capital assets | 3,050 | - |
| Tsunami insurance reimbursement | - | 887,363 |
| Other non-operating revenues | 421,695 | 605,237 |
| Total non-operating revenue(expense), net | <u>1,491,570</u> | <u>1,934,501</u> |
| Net income before capital contributions | <u>1,466,758</u> | <u>3,796,252</u> |
| CAPITAL CONTRIBUTIONS | | |
| Local capital contributions | 78,745 | - |
| Total capital contributions | <u>78,745</u> | <u>-</u> |
| Change in net position | 1,545,503 | 3,796,252 |
| Net position: | | |
| Beginning of year | <u>35,165,484</u> | <u>31,369,232</u> |
| End of year | <u>\$ 36,710,987</u> | <u>\$ 35,165,484</u> |

SANTA CRUZ PORT DISTRICT
Statements of Cash Flows
For the Fiscal Years Ended March 31, 2024

| | 2024 | 2023 |
|--|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Cash receipts from customers and others | \$ 15,638,866 | \$ 10,940,963 |
| Cash paid to employees for salaries and benefits | (2,771,917) | (2,708,102) |
| Cash paid to vendors and suppliers for materials and services | (6,347,313) | (5,212,786) |
| Net cash provided by operating activities | 6,519,636 | 3,020,075 |
| Cash flows from non-capital financing activities: | | |
| Grant and contribution funding | 88,322 | 82,393 |
| Dredging reimbursement | 525,000 | 525,000 |
| Tsunami insurance reimbursement | - | 887,363 |
| Other non-operating revenue | 421,695 | - |
| Net cash provided by non-capital financing activities | 1,035,017 | 1,494,756 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (2,491,260) | (728,922) |
| Proceeds from local capital contributions | 78,745 | - |
| Proceeds from the sale of capital assets | 3,050 | - |
| Principal paid on long-term debt | (1,290,388) | (1,329,940) |
| Interest paid on long-term debt | (359,125) | (404,661) |
| Net cash used in capital and related financing activities | (4,058,978) | (2,463,523) |
| Cash flows from investing activities: | | |
| Investment earnings | 889,141 | 147,452 |
| Net cash provided by investing activities | 889,141 | 147,452 |
| Net increase in cash and cash equivalents | 4,384,816 | 2,198,760 |
| Cash and cash equivalents: | | |
| Beginning of year | 15,742,095 | 13,543,335 |
| End of year | \$ 20,126,911 | \$ 15,742,095 |
| Reconciliation of cash and cash equivalents to the balance sheet: | | |
| Cash and investments | \$ 19,069,634 | \$ 14,712,539 |
| Restricted assets – cash and cash equivalents | 1,057,277 | 1,029,556 |
| Total cash and cash equivalents | \$ 20,126,911 | \$ 15,742,095 |

SANTA CRUZ PORT DISTRICT
Statements of Cash Flows (continued)
For the Fiscal Years Ended March 31, 2024

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Reconciliation of operating income(loss) to net cash provided by operating activities: | | |
| Operating income(loss) | \$ (24,812) | \$ 1,861,751 |
| Adjustments to reconcile operating income(loss) to net cash provided by operating activities: | | |
| Depreciation | 2,111,480 | 2,184,840 |
| Debt issuance costs amortization | (38,293) | - |
| Change in assets - (increase)decrease: | | |
| Accounts receivable | 174,883 | (177,898) |
| Lease receivable | 711,517 | (13,914,777) |
| Materials and supplies inventory | (2,668) | 492 |
| Prepaid items | (7,632) | (31,248) |
| Change in deferred outflows of resources - (increase)decrease | | |
| Deferred outflows of resources related to pensions | 36,992 | (1,317,069) |
| Deferred outflows of resources related to OPEB | 27,913 | 15,812 |
| Change in liabilities - increase(decrease): | | |
| Accounts payable and accrued expenses | (30,117) | 31,984 |
| Customer deposits and unearned revenue | 4,418,614 | (74,630) |
| Compensated absences | 6,508 | 29,240 |
| Net OPEB liability | (159,558) | 31,285 |
| Net pension liability | 367,232 | 2,508,185 |
| Change in deferred inflows of resources - increase(decrease) | | |
| Deferred inflows of resources related to leases | (1,075,945) | 13,527,701 |
| Deferred inflows of resources related to pensions | (189,992) | (1,684,530) |
| Deferred inflows of resources related to OPEB | 193,514 | 28,937 |
| Total adjustments | <u>6,544,448</u> | <u>1,158,324</u> |
| Net cash provided by operating activities | <u>\$ 6,519,636</u> | <u>\$ 3,020,075</u> |

SANTA CRUZ PORT DISTRICT

Notes to Financial Statements

March 31, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Santa Cruz Port District (District) is a political subdivision of the State of California. The District is governed by an elected Board of Commissioner, each of whom is elected to serve a four-year term. The District was organized on November 20, 1950, in conformity with Division 8, Part 4 of the Harbors and Navigation Code, Section 6200 et seq. The District was formed for the purpose of creating a legal entity to negotiate with various governmental agencies for the financing and construction of a small craft harbor and the subsequent operation of the facility. The District began the operation of the small craft harbor in January 1964.

The District operates as principal landlord for the purpose of assigning or leasing Port facilities and land areas. The District's principal sources of revenue are from berthing and related services, and rentals of land and facilities. Capital construction is financed through operations, grants and revenue bond debt proceeds. Daily operation of Port facilities and regular maintenance are performed by the District's regular work force. Major maintenance and new construction projects are awarded by bid to commercial contractors. .

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

SANTA CRUZ PORT DISTRICT

Notes to Financial Statements

March 31, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Receivables and Allowance for Doubtful Accounts

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

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

4. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

5. Inventory

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

6. Prepays

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

| Description | Estimated Lives |
|--------------------------------------|-----------------|
| Wharves and docks | 3-40 years |
| Land improvements | 3-40 years |
| Buildings and buildings improvements | 3-30 years |
| Equipment | 3-10 years |

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

SANTA CRUZ PORT DISTRICT

Notes to Financial Statements

March 31, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Compensated Absences

The District's personnel policies provide for accumulation of vacation (employee benefits). Liabilities for vacation leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination.

10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2022

Measurement Date June 30, 2023

Measurement Period July 1, 2022 to June 30, 2023

11. Post-employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Santa Cruz Port District Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Valuation Date March 31, 2022

Measurement Date March 31, 2023

Measurement Period April 1, 2022 to March 31, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of debt for those capital assets.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. Grant Funding

Grants for operating assistance and capital acquisitions are included in their respective non-operating and capital contribution sections of the statement of revenues, expenses and changes in net position. Grant funds are claimed on a reimbursement basis and receivables for grant funds are recorded as the related obligations are incurred. Grant funds advanced but not yet earned are treated as unearned revenue until the respective obligations these grants were funded for are incurred.

F. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by outside parties.

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
March 31, 2024

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

| <u>Description</u> | <u>March 31, 2024</u> |
|--|-----------------------|
| Cash and investments | \$ 19,069,634 |
| Restricted – cash and cash equivalents | 1,057,277 |
| Total | <u>\$ 20,126,911</u> |

Cash and investments consisted of the following:

| <u>Description</u> | <u>March 31, 2024</u> |
|---|-----------------------|
| Cash on hand | \$ 3,200 |
| Deposits held with financial institutions | 602,234 |
| Deposits in Local Agency Investment Fund (LAIF) | 291,981 |
| Deposits in California CLASS | 18,172,219 |
| Deposits in money-market funds | 1,057,277 |
| Total | <u>\$ 20,126,911</u> |

Demand Deposits

At March 31, 2024, the carrying amount of the District’s demand deposits was \$602,234, and the financial institution balance was \$576,805. The \$25,429 net difference as of March 31, 2024 represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

SANTA CRUZ PORT DISTRICT

Notes to Financial Statements

March 31, 2024

NOTE 2 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of March 31, 2024, the District held \$291,981 in LAIF.

California Cooperative Liquid Assets Securities System (California CLASS)

The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that governs the investment of public funds.

The management of California CLASS is under the direction of a Board of Trustees comprised of eligible Participants of the program. The Board of Trustees has appointed Public Trust Advisors, LLC to serve as the Investment Advisor and Administrator of the program and has appointed U.S. Bank as the Custodian. The District is a voluntary participant in California CLASS. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by California CLASS for the entire California CLASS portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by California CLASS. California CLASS is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. The California Class Prime and Enhanced Cash funds receive a credit rating of AAAM (S&P Global Ratings) and AAAs/S1 (FitchRatings), respectively. For financial reporting purposes, the District considers California CLASS a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of March 31, 2024, the District held \$18,172,219 in California CLASS.

NOTE 2 – CASH AND INVESTMENTS (continued)

Money-Market Funds

Money-market funds are an investment whose objective is to earn modest investment earnings while maintaining a net asset value (NAV) of \$1 per share (which is the funds main goal – preservation of principal). A money-market fund's portfolio is typically comprised of short-term, or less than one year, securities representing high-quality, liquid debt and monetary instruments with minimal credit risk. Money-market funds are Level 1 investments (with quoted prices in active markets for identical assets) that are Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers money market funds a cash equivalent due to their highly liquid nature and NAV of \$1 per share. As of March 31, 2024, the District held \$1,057,277, in money market funds.

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions to purchases financial investments in accordance with California Government Code 53600-53610.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the previous table.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of March 31, 2024, the District's investment in the LAIF was not rated as noted in the previous table, and the District's investment in the VCPIF was rated AAf/S-1+.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the previous table.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF, CA CLASS or money-market funds.

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 3 – RESTRICTED – ASSETS AND RESTRICTED – NET POSITION

Restricted – cash and investments as of March 31st consisted of the following:

| <u>Description</u> | <u>March 31, 2024</u> |
|--|-----------------------|
| Deposits in money-market funds | \$ 1,057,277 |
| Total restricted – net position | \$ 1,057,277 |

The District’s restricted cash and investments are funds required for debt service.

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District’s lease receivable for the year ended March 31, 2024 was as follows:

| <u>Description</u> | <u>Balance April 1, 2023</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance March 31, 2024</u> |
|--------------------|----------------------------------|------------------|-------------------|-----------------------------------|
| Lease reveivable | \$ 13,914,777 | \$ - | \$ (711,517) | \$ 13,203,260 |

The District is the lessor of 16 individual land and improvements leases under month to month and long-term, non-cancelable operating leases, expiring in various dates through December 2043. Of the District’s total capital assets, a portion of total land, structures and improvements is available for rent and concessions, and docks (berths) are available for slip licensing, while the remainder is held for District use. The leases held by the District do not have an implicit rate of return, therefore the District used their incremental borrowing rate at as of the time the lease initiated to discount the lease revenue to the net present value.

In some cases, leases contain termination clauses. In these cases, the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered “volatile leases.” Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. Certain long-term, non-cancelable leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

The District is reporting a total lease receivable of \$13,203,260 and a total related deferred inflows of resources of \$12,451,756 for the year ending March 31, 2024. Also, the District is reporting total lease revenue of \$1,075,945 and interest revenue of \$435,557 related to lease payments received for the year ending March 31, 2024, respectively.

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Minimum future lease receipts are as follows:

| Fiscal Year | Principal | Interest | Total |
|--------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 756,221 | \$ 415,673 | \$ 1,171,894 |
| 2026 | 799,607 | 392,448 | 1,192,055 |
| 2027 | 773,501 | 369,043 | 1,142,544 |
| 2028 | 794,775 | 345,484 | 1,140,259 |
| 2029 | 734,860 | 321,682 | 1,056,542 |
| 2030-2034 | 3,766,531 | 1,249,317 | 5,015,848 |
| 2035-2039 | 3,106,886 | 696,615 | 3,803,501 |
| 2040-2044 | 2,470,879 | 156,544 | 2,627,423 |
| Total | 13,203,260 | \$ 3,946,806 | \$ 17,150,066 |
| Current | <u>(756,221)</u> | | |
| Long-term | <u>\$ 12,447,039</u> | | |

Changes in the District’s deferred inflows of resources related to leases for March 31, 2024 is as follows:

| Description | Balance April 1, 2023 | Additions | Deductions | Balance March 31, 2024 |
|--------------------|----------------------------------|------------------|-----------------------|-----------------------------------|
| Deferred inflows | <u>\$ 13,527,701</u> | <u>\$ -</u> | <u>\$ (1,075,945)</u> | <u>\$ 12,451,756</u> |

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
March 31, 2024

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended March 31, 2024, were as follows:

| Description | Balance April 1, 2023 | Additions | Deletions/ Transfers | Balance March 31, 2024 |
|---------------------------------------|--------------------------|--------------------|-------------------------|---------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 2,201,360 | \$ - | \$ - | \$ 2,201,360 |
| Construction-in-process | 998,052 | 340,698 | (129,433) | 1,209,317 |
| Total non-depreciable assets | 3,199,412 | 340,698 | (129,433) | 3,410,677 |
| Depreciable assets: | | | | |
| Structures and improvements | 30,720,555 | 974,834 | - | 31,695,389 |
| Docks | 27,161,298 | 1,200,000 | - | 28,361,298 |
| Equipment | 11,361,555 | 105,161 | (56,699) | 11,410,017 |
| Office equipment | 54,374 | - | - | 54,374 |
| Total depreciable assets | 69,297,782 | 2,279,995 | (56,699) | 71,521,078 |
| Accumulated depreciation: | | | | |
| Structures and improvements | (22,209,846) | (605,794) | - | (22,815,640) |
| Docks | (9,865,374) | (948,778) | - | (10,814,152) |
| Equipment | (4,928,884) | (554,580) | 56,699 | (5,426,765) |
| Office equipment | (52,046) | (2,328) | - | (54,374) |
| Total accumulated depreciation | (37,056,150) | (2,111,480) | 56,699 | (39,110,931) |
| Total depreciable assets, net | 32,241,632 | 168,515 | - | 32,410,147 |
| Total capital assets, net | \$ 35,441,044 | \$ 509,213 | \$ (129,433) | \$ 35,820,824 |

NOTE 6 – CUSTOMER DEPOSITS AND UNEARNED REVENUE

Customer deposits and unearned revenue consisted of the following:

| Description | March 31, 2024 |
|--|---------------------|
| Prepaid slip rent | \$ 237,824 |
| Slip and key deposits | 436,367 |
| Unearned revenue – Murray St. Bridge Project | 4,691,087 |
| Total | \$ 5,365,278 |

On August 10, 2021, The District entered into an agreement with the City of Santa Cruz. The agreement grants the city possession and use of portions of District property for the purpose of constructing the Murray Street Bridge seismic retrofit and barrier replacement project. Per the agreement, the city acquired both permanent and temporary easements, the City deposited \$5,149,000 into an escrow account with First American Title Company. \$345,818 is for the purchase of a permanent easement, with the remaining \$4,803,182 to be used by the District for curative work to reconfigure the port as necessary to continue operations.

The District recorded the \$4,803,182 as deferred revenue and will recognize revenue as the costs are incurred for the curative work. In the fiscal year ending March 31, 2024, the District recognized \$78,745 in capital contributions related to the agreement.

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended March 31, 2024, were as follows:

| Balance April 1, 2023 | Additions | Deletions | Balance March 31, 2024 | Due Within One Year | Due in More Than One Year |
|--------------------------|-----------|-------------|---------------------------|------------------------|------------------------------|
| \$ 164,946 | \$ 98,031 | \$ (91,523) | \$ 171,454 | \$ 51,436 | \$ 120,018 |

NOTE 8 – LONG-TERM DEBT

Changes in long-term debt for the year ended March 31, 2024, were as follows:

| Long-Term Debt | Balance April 1, 2023 | Additions/ Adjustments | Payments/ Amortization | Balance March 31, 2024 | Current Portion | Non-Current Portion |
|---|--------------------------|---------------------------|---------------------------|---------------------------|--------------------|------------------------|
| PG&E loan | \$ 1,156 | \$ - | \$ (1,156) | \$ - | \$ - | \$ - |
| 497 Lake avenue loan | 928,982 | - | (17,586) | 911,396 | 18,303 | 893,093 |
| PNC bank loan– taxable | 610,799 | - | (249,833) | 360,966 | 261,310 | 99,656 |
| PNC bank loan– non-taxable | 6,904,336 | - | (896,853) | 6,007,483 | 924,782 | 5,082,701 |
| Loans payable | 8,445,273 | - | (1,165,428) | 7,279,845 | 1,204,395 | 6,075,450 |
| Revenue obligation payable – 2018A | 1,310,726 | - | (105,285) | 1,205,441 | 109,003 | 1,096,438 |
| Revenue obligation payable – 2018B | 1,198,376 | - | (96,261) | 1,102,115 | 99,659 | 1,002,456 |
| Revenue obligation payable – issuance costs | (38,293) | - | 38,293 | - | - | - |
| Revenue obligations payable, net – 2018 | 2,470,809 | - | (163,253) | 2,307,556 | 208,662 | 2,098,894 |
| Total long-term debt | 10,916,082 | \$ - | \$ (1,328,681) | 9,587,401 | 1,413,057 | 8,174,344 |

PG&E Loan Payable

In August 2014 the District entered into an on-bill financing loan agreement with PG&E, in the amount of \$120,368, for the purchase of energy efficient equipment. Terms of the loan call for monthly principal payments of \$1,157, to be included in the monthly utilities bill, over a period of 104 months. The District paid off the remaining balance of the loan in fiscal year 2024.

497 Lake Avenue Loan Payable

During the year ended March 31, 2022, the District purchased property at 497 Lake Ave. The purchase price was \$1,200,000, of which \$950,000 was financed with the seller. The terms of the finance agreement call for monthly payments of \$4,535.45 beginning January 1, 2022, including interest at the rate of 4.00% per annum. A final balloon payment of \$452,500 plus any accrued interest is due December 1, 2041.

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 8 – LONG-TERM DEBT (continued)

497 Lake Avenue Loan Payable (continued)

Annual debt service requirements for loan payable are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|--------------|
| 2025 | \$ 18,303 | \$ 36,123 | \$ 54,426 |
| 2026 | 19,048 | 35,377 | 54,425 |
| 2027 | 19,824 | 34,601 | 54,425 |
| 2028 | 20,632 | 33,793 | 54,425 |
| 2029 | 21,473 | 32,953 | 54,426 |
| 2030-2034 | 121,221 | 150,906 | 272,127 |
| 2035-2039 | 148,010 | 124,117 | 272,127 |
| 2040-2042 | 542,885 | 54,750 | 597,635 |
| Total | 911,396 | \$ 502,620 | \$ 1,414,016 |
| Less: current | (18,303) | | |
| Non-current | \$ 893,093 | | |

PNC Bank Loans – Taxable and Non-Taxable

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

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

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

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|--------------|
| 2025 | \$ 261,310 | \$ 11,876 | \$ 273,186 |
| 2026 | 84,893 | 3,718 | 88,611 |
| 2027 | 14,763 | 525 | 15,288 |
| Total | 360,966 | \$ 16,119 | \$ 377,085 |
| Less: current | (261,310) | | |
| Non-current | \$ 99,656 | | |

SANTA CRUZ PORT DISTRICT*Notes to Financial Statements**March 31, 2024***NOTE 8 – LONG-TERM DEBT (continued)****PNC Bank Loans – Taxable and Non-Taxable (continued)**

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

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|--------------|
| 2025 | \$ 924,782 | \$ 178,487 | \$ 1,103,269 |
| 2026 | 953,580 | 149,689 | 1,103,269 |
| 2027 | 983,275 | 119,994 | 1,103,269 |
| 2028 | 1,013,895 | 89,374 | 1,103,269 |
| 2029 | 1,045,468 | 57,801 | 1,103,269 |
| 2030 | 1,086,483 | 16,787 | 1,103,270 |
| Total | 6,007,483 | \$ 612,132 | \$ 6,619,615 |
| Less: current | (924,782) | | |
| Non-current | \$ 5,082,701 | | |

Revenue Obligations Payable – 2018A and 2018B

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

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|--------------|
| 2025 | \$ 109,003 | \$ 41,245 | \$ 150,248 |
| 2026 | 112,851 | 37,396 | 150,247 |
| 2027 | 116,835 | 33,412 | 150,247 |
| 2028 | 120,961 | 29,287 | 150,248 |
| 2029 | 125,231 | 25,016 | 150,247 |
| 2030-2034 | 620,560 | 55,555 | 676,115 |
| Total | 1,205,441 | \$ 221,911 | \$ 1,427,352 |
| Less: current | (109,003) | | |
| Non-current | \$ 1,096,438 | | |

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 8 – LONG-TERM DEBT (continued)

Revenue Obligations Payable – 2018A and 2018B (continued)

On September 1, 2018, the District entered into an installment sale agreement with PNC Bank for 2018B Revenue Obligations in the amount of \$1,600,000, for the Santa Cruz Harbor Seawall Replacement Project. Terms of the agreement call for semi-annual payments of \$68,684 beginning February 1, 2019, including interest at the rate of 3.5% per annum. The final payment is due August 1, 2033. Annual debt service requirements for the 2018B Revenue Obligation payable are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|--------------|
| 2025 | \$ 99,659 | \$ 37,710 | \$ 137,369 |
| 2026 | 103,177 | 34,191 | 137,368 |
| 2027 | 106,821 | 30,548 | 137,369 |
| 2028 | 110,592 | 26,777 | 137,369 |
| 2029 | 114,497 | 22,872 | 137,369 |
| 2030-2034 | 567,369 | 50,792 | 618,161 |
| Total | 1,102,115 | \$ 202,890 | \$ 1,305,005 |
| Less: current | (99,659) | | |
| Non-current | \$ 1,002,456 | | |

The borrowing agreements with PNC Bank for the taxable and tax-exempt loans and the 2018A and 2018B revenue obligations include a restrictive covenant requiring net revenues for the fiscal year to be equal to at least 1.25 times the debt service. At March 31, 2023, the District was in compliance with the covenant.

NOTE 9 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

| <u>Description</u> | <u>2024</u> |
|-----------------------------------|--------------|
| Pension related deferred outflows | \$ 2,109,089 |
| Net pension liability | 5,784,413 |
| Pension related deferred inflows | 270,219 |

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

| | Miscellaneous Plans | | |
|---|-----------------------------|--|---|
| | Classic Tier 1 | Classic Tier 2 | PEPRA Tier 3 |
| Hire date | Prior to January 1, 2013 | With prior service On or after January 1, 2013 | Without prior service On or after January 1, 2013 |
| Benefit formula | 2.5% @ 55 | 2.0 @ 60 | 2.0 @ 62 |
| Benefit vesting schedule | 5-years or service | 5-years or service | 5-years or service |
| Benefits payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 - 67 & up | 52 - 67 & up | 52 - 67 & up |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5% | 1.0% to 2.0% | 1.0% to 2.0% |
| Required member contribution rates | 8.00% | 7.000% | 6.750% |
| Required employer contribution rates – FY 2023 | 11.590% | 8.630% | 7.470% |

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

At June 30, 2023, (Measurement Date) the following members were covered by the benefit terms:

| Plan Members | Miscellaneous Plans | | | Total |
|------------------------------------|----------------------------|-----------------------|---------------------|--------------|
| | Classic Tier 1 | Classic Tier 2 | PEPRA Tier 3 | |
| Active members | 8 | 3 | 21 | 32 |
| Transferred and terminated members | 7 | 9 | 23 | 39 |
| Retired members and beneficiaries | 23 | 1 | 1 | 25 |
| Total plan members | 38 | 13 | 45 | 96 |

All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees’ Retirement Law.

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of March 31 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the fiscal year ended March 31, 2024, were as follows:

| Contribution Type | Miscellaneous Plans | | | Total |
|--------------------------|---------------------|----------------|--------------|------------|
| | Classic Tier 1 | Classic Tier 2 | PEPRA Tier 3 | |
| Contributions – employer | \$ 280,477 | \$ 80,208 | \$ 286,865 | \$ 647,550 |

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2023 (MD):

| <u>Plan Type and Balance Descriptions</u> | <u>Plan Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Change in Plan Net Pension Liability</u> |
|--|-------------------------------------|------------------------------------|---|
| CalPERS – Miscellaneous Plan: | | | |
| Balance as of June 30, 2022 (Measurement Date) | \$ 18,697,876 | \$ 13,280,695 | \$ 5,417,181 |
| Balance as of June 30, 2023 (Measurement Date) | \$ 19,988,269 | \$ 14,203,856 | \$ 5,784,413 |
| Change in Plan Net Pension Liability | <u>\$ 1,290,393</u> | <u>\$ 923,161</u> | <u>\$ 367,232</u> |

The District’s proportionate share percentage of the net pension liability for the June 30, 2023, measurement date was as follows:

| | <u>Percentage Share of Risk Pool</u> | | <u>Change Increase/ (Decrease)</u> |
|---|--|--|------------------------------------|
| | <u>Fiscal Year Ending March 31, 2024</u> | <u>Fiscal Year Ending March 31, 2023</u> | |
| Measurement Date | June 30, 2023 | June 30, 2022 | |
| Percentage of Plan (PERF C) Net Pension Liability | 0.046370% | 0.046900% | -0.000530% |

For the year ended March 31, 2024, the District recognized pension expense of \$861,780. At March 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Account Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---------------------------------------|--------------------------------------|
| Pension contributions made after the measurement date | \$ 490,919 | \$ - |
| Difference between actual and proportionate share of employer contributions | 26,830 | (50,582) |
| Adjustment due to differences in proportions | 10,062 | (173,798) |
| Differences between expected and actual experience | 295,499 | (45,839) |
| Differences between projected and actual earnings on pension plan investments | 936,549 | - |
| Changes in assumptions | 349,231 | - |
| Total Deferred Outflows/(Inflows) of Resources | <u>\$ 2,109,090</u> | <u>\$ (270,219)</u> |

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$490,919 was reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at March 31, 2024 will be recognized as a reduction to pension expense in future periods as follows:

| Amortization Period Fiscal Year Ended June 30 | Deferred Outflows/(Inflows) of Resources |
|--|--|
| 2025 | \$ 354,323 |
| 2026 | 249,053 |
| 2027 | 717,701 |
| 2028 | 26,875 |
| Total | <u>\$ 1,347,952</u> |

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2023 (the measurement dates), the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2023 total pension liability were based on the following actuarial methods and assumptions:

| | |
|----------------------------------|---|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirement of GASB Statement No. 68 |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table | Derived using CalPERS' Membership Data for all Funds. |
| Post Retirement Benefit Increase | Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

The table below reflects long-term expected real rate of return by asset class.

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Real Return</u> ^{1,2} |
|----------------------------------|---------------------------------|-----------------------------------|
| Global Equity - Cap-weighted | 30.0% | 4.54% |
| Global Equity - Non-Cap-weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Estate | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |
| | <u>100.0%</u> | |

¹ An expected inflation of 2.30% is used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SANTA CRUZ PORT DISTRICT

Notes to Financial Statements

March 31, 2024

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the March 31, 2023, measurement date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

For the year ended March 31, 2024, (Measurement Date March 31, 2023) were as follows:

| Plan Type | Plan's Net Pension Liability | | |
|------------------------------|------------------------------|--------------------------------|-----------------------------|
| | Discount Rate - 1% 5.90% | Current Discount Rate 6.90% | Discount Rate + 1% 7.90% |
| CalPERS – Miscellaneous Plan | \$ 8,487,742 | \$ 5,784,413 | \$ 3,559,342 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

| <u>Description</u> | <u>2024</u> |
|---|-------------|
| OPEB related deferred outflows | \$ 163,573 |
| Net other post-employment benefits obligation | 648,233 |
| OPEB related deferred inflows | 359,272 |

A. General Information about the OPEB Plan

Plan description

The District provides other post-retirement health care, vision care, dental care and life insurance benefits, in accordance with the Board of Port Commissioners employee benefit resolutions, to all employees who retire from the District and meet the age and years of service requirements as specified in such resolutions. Retired Port Commissioners are subject to additional eligibility requirements as specified in Government Code Section 53201.

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

To be eligible for benefits the employee must retire directly from the District under CalPERS (age 50 with 5 years of service, or disability retirement). The plan provides for a \$2,000 annual benefit, with the District providing the excess of \$2,000 per year over the PEMHCA minimum unequal benefit for retirement at age 60 with 20 years of service, with the benefit stopping at age 65.

Employees covered by benefit terms

As of March 31, 2023 measurement the following employees were covered by the benefit terms:

| | <u>2024</u> |
|---|-------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 4 |
| Inactive plan members entitled to but not yet receiving benefit payments | 18 |
| Active plan members | 34 |
| Total | <u>56</u> |

Funding Policy

There is no statutory requirement for the District to pre-fund its OPEB obligation. The District has currently chosen to pay Plan benefits on a pay-as-you-go basis and does not maintain a trust fund for its OPEB obligation. The District’s fixed dollar benefit contribution cannot be less than the PEMHCA minimum for PEMHCA actives and retirees. The District accrued these benefits at the monthly statutory rate (\$157 for 202) for each participant in the PEMCHA plan. The total amount paid directly by the District to CalPERS for the District’s health premium contributions under PEMHCA for retiree medical health care plan postemployment benefits for the year ending March 31, 2024 was \$3,388.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended March 31, 2024, the measurement period, the District’s contributions totaling 15,431, included 3,388 in premium payments and an implied subsidy of \$11,953, and \$90 in administrative expenses.

B. Net OPEB Liability

The District’s net OPEB liability was measured as of March 31, 2023, and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the March 31, 2023, and 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------------|--|
| Valuation Date | April 1, 2023 |
| Measurement Date | March 31, 2023 |
| Actuarial Cost Method | Entry age normal, level percentage of payroll |
| Asset Valuation Method | Market value of assets as of the measurement date |
| Actuarial Assumptions: | |
| Discount Rate | 3.50% |
| Long-Term Expected | |
| Rate of Return on Investments | 3.50% |
| Inflation | 2.50% |
| Payroll increases | 2.75% |
| Healthcare Trend Rates | Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076. |
| Morbidity | CalPERS 2000-2019 Experience Study |
| Mortality | Projected fully generational with Scale MP-2021 |
| Disability | CalPERS 2000-2019 Experience Study |
| Retirement | CalPERS 2000-2019 Experience Study |
| Percent Married | 80% of future retirees would enroll a spouse |

Discount Rate

For OPEB Plans That Are Not Administered through Trusts that meet the Criteria in Paragraph 4, GASB 75 requires a discount rate that is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used to measure the District’s Total OPEB liability is based on the Fidelity GO AA 20 Year Municipal Index. The discount rate was increased from 2.73% to 3.50% for the year ended March 31, 2024.

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Discount Rate (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Percentage of Portfolio</u> | <u>Assumed Gross Return</u> |
|--------------------------------|--------------------------------|-----------------------------|
| Global Equities | 59.0% | 5.500% |
| Global Debt Securities | 25.0% | 2.350% |
| Inflation Protected Securities | 5.0% | 1.500% |
| REITs | 8.0% | 3.650% |
| Commodities | 3.0% | 1.750% |

Rolling periods of time for all asset classes were used in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Geometric means were used.

C. Changes in the Net OPEB Liability

| | <u>Increase (Decrease)</u> | | |
|----------------------------------|-----------------------------|------------------------------------|---------------------------|
| | <u>Total OPEB Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net OPEB Liability</u> |
| Balance at March 31, 2023 | \$ 807,791 | \$ - | \$ 807,791 |
| Changes for the year: | | | |
| Service cost | 72,711 | - | 72,711 |
| Interest | 23,735 | - | 23,735 |
| Changes in assumptions | (129,336) | - | (129,336) |
| Changes in experience | (104,487) | - | (104,487) |
| Benefit payments | (22,181) | - | (22,181) |
| Net changes | (159,558) | - | (159,558) |
| Balance at March 31, 2024 | <u>\$ 648,233</u> | <u>\$ -</u> | <u>\$ 648,233</u> |

Sensitivity of the net OPEB liability to changes in the discount rate

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

Sensitivity of the Net OPEB liability to changes in the discount rate for the fiscal year ended March 31, 2024:

| <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
|--------------------|----------------------|--------------------|
| <u>2.5%</u> | <u>3.5%</u> | <u>4.5%</u> |
| <u>\$ 761,562</u> | <u>\$ 684,233</u> | <u>\$ 556,584</u> |

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

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

Sensitivity of the Net OPEB liability to changes in the healthcare trend rate for March 31, 2024:

| 1% Decrease 2.5% | Healthcare Cost Trend Rates 3.5% | 1% Increase 4.5% |
|---------------------|--|---------------------|
| \$ 541,577 | \$ 648,233 | \$ 785,603 |

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended March 31, 2024, the District recognized OPEB expense of \$77,300. At March 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| <u>Account Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| OPEB contributions made after the measurement date | \$ 15,431 | \$ - |
| Changes in assumptions | 114,525 | (223,212) |
| Differences between expected and actual experience | 33,617 | (136,060) |
| Total Deferred Outflows/(Inflows) of Resources | <u>\$ 163,573</u> | <u>\$ (359,272)</u> |

The District reported \$15,431 in 2024 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending March 31, 2025.

SANTA CRUZ PORT DISTRICT
Notes to Financial Statements
 March 31, 2024

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense in fiscal year 2025 as follows:

| <u>Amortization Period</u> <u>Fiscal Year Ended March 31</u> | <u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u> |
|---|---|
| 2025 | \$ (19,252) |
| 2026 | (19,252) |
| 2027 | (19,252) |
| 2028 | (19,247) |
| 2029 | (18,981) |
| Thereafter | <u>(115,146)</u> |
| Total | <u>\$ (211,130)</u> |

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of March 31:

| <u>Description</u> | <u>March 31, 2024</u> |
|---|-----------------------|
| Net investment in capital assets: | |
| Capital assets – not being depreciated | \$ 3,410,677 |
| Capital assets, net – being depreciated | 32,410,147 |
| Loans payable – current | (1,204,395) |
| Loans payable – non-current | (6,075,450) |
| Revenue obligation payable – current | (208,662) |
| Revenue obligation payable – non-current | <u>(2,098,894)</u> |
| Total net investment in capital assets | <u>\$ 26,233,423</u> |

NOTE 12 – DREDGING REIMBURSEMENT

In November, 2015, the District entered into an agreement with the Department of the Army Corps of Engineers (Corps) to reimburse the District for a portion of expected dredging costs, only if funds are specifically appropriated for that purpose. The agreement terminates on April 1, 2025. Due to the uncertainty of the availability of funds, revenue will be recorded when the funds are ultimately received. During the year ended March 31, 2024, the District received \$525,000 in payments from Department of the Army Corps of Engineers for dredging operations.

NOTE 13 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

NOTE 14 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and terrorism. The District has purchased various commercial and marine insurance policies to manage the potential liabilities that may occur from the previously named sources.

All coverage and limits are subject to the terms, conditions and exclusions provided in each insurance policy.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending March 31, 2024, 2023 and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of March 31, 2024, 2023 and 2022.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 16 – SUBSEQUENT EVENTS

In accordance with the provisions surrounding subsequent events, the District's management has evaluated events and transactions for potential recognition or disclosure through December 18, 2024, the date the financial statements were available to be issued.

Required Supplementary Information

SANTA CRUZ PORT DISTRICT*Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability
For the Year Ended March 31, 2024***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

| Measurement Date | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability |
|-------------------------|---|--|-----------------------------------|---|--|
| June 30, 2015 | 0.040000% | \$ 2,745,051 | \$ 1,680,148 | 163.38% | 78.40% |
| June 30, 2016 | 0.040600% | 3,509,957 | 1,730,361 | 202.85% | 74.06% |
| June 30, 2017 | 0.040900% | 4,052,992 | 1,995,472 | 203.11% | 73.31% |
| June 30, 2018 | 0.041400% | 3,990,879 | 2,174,449 | 183.54% | 75.26% |
| June 30, 2019 | 0.042300% | 4,338,392 | 2,239,940 | 193.68% | 75.26% |
| June 30, 2020 | 0.043000% | 4,674,819 | 2,222,678 | 210.32% | 75.10% |
| June 30, 2021 | 0.053800% | 2,908,996 | 2,211,919 | 131.51% | 88.29% |
| June 30, 2022 | 0.046900% | 5,417,181 | 2,167,772 | 249.90% | 76.68% |
| June 30, 2023 | 0.046370% | 5,784,413 | 2,437,310 | 237.33% | 71.06% |

Notes to Schedule:**Benefit Changes:**

There were no changes in benefits.

Changes in Assumptions:**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90% and inflation from 2.50% to 2.30%.

*Fiscal year 2015 was the first measurement date year of implementation; therefore, only nine years are shown.

SANTA CRUZ PORT DISTRICT

*Schedule of the District's Contributions to the Pension Plan
For the Year Ended March 31, 2024*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------|--|---|---|------------------------|---|
| March 31, 2016 | \$ 188,042 | \$ (188,042) | \$ - | \$ 1,692,156 | 11.11% |
| March 31, 2017 | 309,357 | (309,357) | - | 1,912,027 | 16.18% |
| March 31, 2018 | 332,430 | (332,430) | - | 2,160,998 | 15.38% |
| March 31, 2019 | 397,547 | (397,547) | - | 2,227,398 | 17.85% |
| March 31, 2020 | 465,337 | (465,337) | - | 2,267,137 | 20.53% |
| March 31, 2021 | 528,402 | (528,402) | - | 2,182,330 | 24.21% |
| March 31, 2022 | 578,577 | (578,577) | - | 2,141,686 | 27.02% |
| March 31, 2023 | 608,408 | (622,001) | (13,593) | 2,367,608 | 26.27% |
| March 31, 2024 | 628,908 | (647,550) | (18,642) | 2,564,315 | 25.25% |

Notes to Schedule:

| Fiscal Year | Valuation Date | Actuarial Cost Method | Asset Valuation Method | Inflation | Investment Rate of Return |
|--------------------|-----------------------|----------------------------------|-----------------------------------|------------------|--------------------------------------|
| March 31, 2016 | June 30, 2014 | Entry Age | Fair Value | 2.75% | 7.65% |
| March 31, 2017 | June 30, 2015 | Entry Age | Fair Value | 2.75% | 7.65% |
| March 31, 2018 | June 30, 2016 | Entry Age | Fair Value | 2.75% | 7.15% |
| March 31, 2019 | June 30, 2017 | Entry Age | Fair Value | 2.50% | 7.15% |
| March 31, 2020 | June 30, 2018 | Entry Age | Fair Value | 2.50% | 7.15% |
| March 31, 2021 | June 30, 2019 | Entry Age | Fair Value | 2.50% | 7.15% |
| March 31, 2022 | June 30, 2020 | Entry Age | Fair Value | 2.50% | 7.15% |
| March 31, 2023 | June 30, 2021 | Entry Age | Fair Value | 2.30% | 6.90% |
| March 31, 2024 | June 30, 2022 | Entry Age | Fair Value | 2.30% | 6.90% |

| | |
|----------------------------------|--|
| Amortization Method | Level percentage of payroll, closed |
| Salary Increases | Depending on age, service, and type of employment |
| Investment Rate of Return | Net of pension plan investment expense, including inflation |
| Retirement Age | 50 years (2.0%@55), 52 years (2.0%@60), 52 years (2.0%@62) |
| Mortality | Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board. |

*Fiscal year 2016 was the first implementation year; therefore, only nine years are shown.

SANTA CRUZ PORT DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended March 31, 2024

| Fiscal Year Ended | Last Ten Fiscal Years* | | | | | |
|--|------------------------|----------------|----------------|----------------|----------------|----------------|
| | March 31, 2024 | March 31, 2023 | March 31, 2022 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Measurement Date | March 31, 2023 | March 31, 2022 | March 31, 2021 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Total OPEB liability: | | | | | | |
| Service cost | \$ 72,711 | \$ 76,692 | \$ 79,892 | \$ 53,462 | \$ 54,348 | \$ 53,126 |
| Interest | 23,735 | 20,274 | 18,250 | 20,235 | 20,887 | 18,141 |
| Changes in assumptions | (129,336) | (48,735) | (87,155) | 177,131 | 5,778 | (2,705) |
| Differences between expected and actual experience | (104,487) | - | 45,917 | - | (78,459) | - |
| Benefit payments | (22,181) | (16,946) | (8,916) | (5,538) | (3,883) | (1,705) |
| Net change in total OPEB liability | (159,558) | 31,285 | 47,988 | 245,290 | (1,329) | 66,857 |
| Total OPEB liability - beginning | 807,791 | 776,506 | 728,518 | 483,228 | 484,557 | 417,700 |
| Total OPEB liability - ending | 648,233 | 807,791 | 776,506 | 728,518 | 483,228 | 484,557 |
| District's net OPEB liability | \$ 648,233 | \$ 807,791 | \$ 776,506 | \$ 728,518 | \$ 483,228 | \$ 484,557 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Covered payroll | \$ 2,609,237 | \$ 2,384,186 | \$ 2,430,838 | \$ 2,458,539 | \$ 2,411,907 | \$ 2,127,435 |
| District's net OPEB liability as a percentage of covered payroll | 24.84% | 33.88% | 31.94% | 29.63% | 20.04% | 22.78% |

Notes to Schedule:

Benefit Changes:

Measurement Date March 31, 2018 – There were no changes of benefits terms.
 Measurement Date March 31, 2019 – There were no changes of benefits terms.
 Measurement Date March 31, 2020 – There were no changes of benefits terms.
 Measurement Date March 31, 2021 – There were no changes of benefits terms.
 Measurement Date March 31, 2022 – There were no changes of benefits terms.
 Measurement Date March 31, 2023 – There were no changes of benefits terms.

Changes in Assumptions:

Measurement Date March 31, 2018 – There were no changes in assumptions.
 Measurement Date March 31, 2019 – There were no changes in assumptions.
 Measurement Date March 31, 2020 – The discount rate rate decreased from 3.79% to 2.27%.
 Measurement Date March 31, 2021 – The discount rate rate increased from 2.27% to 2.40%.
 Measurement Date March 31, 2022 – The discount rate rate increased from 2.40% to 2.73%.
 Measurement Date March 31, 2023 – The discount rate rate increased from 2.73% to 3.50%.

* Fiscal year 2019 was the first year of implementation; therefore, only six years are shown.

Supplementary Information

SANTA CRUZ PORT DISTRICT
Schedule of Operating Expenses
For the Years Ended March 31, 2024

| | <u>March 31, 2024</u> | <u>March 31, 2023</u> |
|---|-----------------------|-----------------------|
| Operating Expenses | | |
| Dredging operations | \$ 1,710,055 | \$ 1,503,074 |
| Administrative services | 838,406 | 902,926 |
| Grounds | 908,044 | 909,108 |
| Harbor patrol | 829,967 | 806,716 |
| Fuel services | 476,215 | 805,611 |
| Property management | 951,436 | 686,548 |
| Marina management | 591,788 | 542,950 |
| Parking services | 391,668 | 388,937 |
| Buildings | 482,824 | 387,536 |
| Boatyard operations | 366,652 | 364,794 |
| Docks, piers, marine structures | 739,233 | 502,199 |
| Finance and purchasing | 236,889 | 184,082 |
| Environmental services | 144,352 | 145,694 |
| Rescue services | 132,091 | 107,901 |
| Utilities | 97,409 | 103,387 |
| Port commission support | 79,674 | 55,714 |
| Aeration | 54,938 | 37,457 |
| Events | 19,874 | 22,570 |
| Minor projects | 386 | 36 |
| Fishery support | 8,855 | 12,013 |
| Tsunami expense | 22,913 | 10,487 |
| CalPERS pension expense/(credit) | 214,231 | (1,010,262) |
| Other post-employment benefits expense | 73,822 | 95,254 |
| | <u>9,371,722</u> | <u>7,564,732</u> |
| Total operating expenses before depreciation | | |
| Depreciation | <u>2,111,480</u> | <u>2,184,840</u> |
| Total operating expenses | <u>\$ 11,483,202</u> | <u>\$ 9,749,572</u> |

Other Independent Auditors' Reports



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

Board of Port Commissioners
Santa Cruz Port District
Santa Cruz, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Cruz Port District as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise Santa Cruz Port District's basic financial statements, and have issued our report thereon dated September 24, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Walnut Creek, California
September 24, 2024



TO: Port Commission
FROM: Holland MacLaurie, Port Director
DATE: August 21, 2024
SUBJECT: Award of Contract for Economic Impact Assessment (NTE \$37,500)

Recommendation: *Award contract and authorize the Port Director to execute a contract with Martin Associates in an amount not to exceed \$37,500 for purposes of conducting an Economic Impact Assessment; and approve an appropriation in the FY25 budget for the amount of the contract.*

BACKGROUND

In 2020, the FY21 budget provided one-time funding in the amount of \$25,000 for development of an informational report assessing and summarizing Santa Cruz Harbor's economic benefit to the community.

As a result of mitigating measures implemented in response to the COVID-19 pandemic, the allocated funding for the informational report was eliminated from the budget. Despite the elimination of funding, assessing the economic benefit of the Santa Cruz Harbor has remained a priority.

Staff solicited proposals from various consulting firms specializing in the assessment of economic impacts for maritime facilities. Martin Associates was selected due to their analytical methodology and experience working with a wide array of public and private port/harbors across the United States, including the Port of Oakland, Port of San Francisco, Port of Los Angeles, Port Townsend, and Grays Harbor.

ANALYSIS

The Economic Impact Assessment will quantify jobs, income, revenue, and tax impacts associated with recreational boating, commercial fishing, and related support activities that take place within the Santa Cruz Harbor. A detailed scope of work is included as Attachment A.

IMPACT ON DISTRICT RESOURCES

Funding for the Economic Impact Assessment is an unanticipated expense in the FY25 budget. However, due to a significant cost savings of approximately \$75,000 in the Environmental and Permitting budget, which is a result of unneeded sampling and analysis services for the 2024-25 dredge season, staff recommends allocating the savings in the operating budget toward this project.

ATTACHMENT: A. Scope of Work – Martin Associates

MARTIN ASSOCIATES
ECONOMIC & TRANSPORTATION CONSULTANTS
941 Wheatland Ave. • Suite 203 • Lancaster, PA 17603
(717) 295-2428 • FAX (717) 295-7089
www.johnmartinassociates.com

Work Scope

The impacts we will measure include jobs, income, business revenue, and state and local taxes. We understand that a key use of the study results will be to quantify the state and local tax impacts that are generated by the activity at the Santa Cruz Port District, and these include taxes from all sources including property taxes, corporate taxes, sales taxes, and personal income taxes generated by not just tenants of the Port District but by the activities generated by providing services to the tenants as well as the impacts generated by providing services to the three key sectors operating within the Port District – marina operations, as well as commercial fishing activity, and charter activity.

Our approach is designed to measure the logical outputs of the flow of business activity created by the activity at the Santa Cruz Port District. The revenue received by firms directly involved in marina, commercial fishing, and charter activity is used to hire employees, pay stockholders or invest, purchase supplies, and pay federal, state and local taxes. The employees hired by these firms receive salaries, which are measured as personal income impacts. These salaries, in turn, are re-spent throughout the regional economy generating induced jobs.

In a similar manner, the purchase of goods and services by firms providing services to the three sectors at the Port District generates employment in supplying firms located within the region and throughout California. The jobs created within these supplying firms are called indirect jobs.

Finally, the individuals employed due to port activity generate tax receipts in the form of state and local income taxes, personal property taxes, fuel taxes, sales taxes, etc.

Thus, in summary, our methodology measures four distinct and separate impacts that are generated by activity at a seaport:

- Jobs;
- Personal income (including re-spending);
- Business revenue; and
- Tax payments (state and local).

The following tasks detail our approach to measuring the economic impacts generated by seaport activity at the Santa Cruz Port District. To gather input data, we will use a combination of

personal interviews, telephone interviews, published state and county data, and economic models developed from local data. Our approach consists of the following tasks.

Task 1: Direct Economic Impact of Marina Operations

In this task, Martin Associates will develop an estimate of the impacts generated by the Santa Cruz Harbor Marina. These operations will not only include the supplies purchased per typical recreational boat owner, by type of boat, but also a survey of the “do it yourself” boat yard and restaurants serving the Marina. Expenditures by type of boat will be identified for supplies, fuel, local purchases of equipment, repairs of electrical equipment, as well as storage, painting, haul out and vessel repairs. This data will be based on data developed as part of our numerous marina impact studies including the Port of Everett, Port of Bellingham, Port Townsend, Port of Grays Harbor, and the Port of Seattle. Martin Associates maintains a “living data base” regarding annual expenditures for recreational boating for moored motor and sail boats. We have just updated this data base as part of our current economic impact study of the Alabama waterways.

The expenditure profiles from the data supplied by the above noted sources will be aggregated by type of expenditure and type/size of boat. This data will be expanded across the boats at the Port District’s north and south harbors, and then multiplied by the relevant jobs to sales ratios developed from the U.S. Census and U.S. County Business Patterns data for the local marine supply firms located in Santa Cruz and the Oakland/San Francisco, San Jose CSA, as well as interviews with the boatyard operator. This will provide an estimate of the direct jobs supported by the Santa Cruz Harbor Marina. The jobs can be identified by type of service supplier as well as by type of boat. Income and revenue impacts will also be estimated based on interviews and a review of U.S. Bureau of Census Data and County Business Patterns data for industries providing the services to the recreational boating sector.

Port District revenue generated from the marina activity will be collected from the Santa Cruz Port District records based on slip fees as well as fees paid for live on board vessels and bunkering activity.

The impacts of transient boats will also be estimated, based on typical expenditure profiles of overnight visitors by type of boat. This data will be derived from marina operations, as well as from a set of interviews with the marina operators regarding nights stayed, typical passengers per transient call, as well as interviews with the restaurants located within the Harbor District.

The direct revenue from the marina operations as well as the support services will be estimated from the interview results, the marina model, as well as the revenue from marina operations provided to Martin Associates from the Santa Cruz Port District.

A marina model will be developed that will allow for sensitivity analysis as to changes in the types and number of boats moored at each of the Port’s marinas, as well as changes in the number of transient boat operations.

Task 2: Direct Economic Impacts of Commercial Fishing Activity

In this task we will isolate the impacts of commercial fishing from the boats based in the Santa Cruz Port District well as the associated fish processing operations including cold storage supporting these operations. To estimate the commercial fishing activity in the Santa Cruz Harbor, we will collect

the following information from the fishing community for the specific fleets based in the Port District: (i.e., Purse Seiner, Crabber, Gillnet, Troller, Longline, Tender, Catcher Trawler, Factory Trawler and Processor).

The team will identify the key commercial fishing boat owners based at the marina, and also work with the local fishing association. We will identify a sample of these boat owners and contact them to collect the following information.

1. Profile of typical expenditures by vessel and by category. For example, the typical expenditure categories will likely include:

- Fishing Gear
- Ship Equipment
- Processing Equipment
- Bait
- Ice
- Food
- Water
- Packaging
- Additives
- Insurance
- Maintenance and Repair
- Moorage
- Crew Accommodations/Travel

2. The number of crew by vessel type, based in Santa Cruz Harbor, and number of hours worked per year on the fishing vessel.

3. What is the annual income of a typical crewman?

4. What share of the catch per boat, by fleet, is discharged in Santa Cruz Port District?

5. What is the average revenue per boat, by fleet, per year?

6. What are the major fish processors used by the fleets based on the Santa Cruz Port District?

From the interviews with the key vessel operators, we will determine the percentage of these purchases that are local and what percent are from other parts of the State. Supplying firms will be identified, and local jobs to sales ratios will be determined from a combination of interviews with the local suppliers and from published data from the U.S. Bureau of Census -- Census of Service Industries, Census of Retail, Census of Wholesale, and the Bureau of Economic Analysis, for the Santa Cruz CSMA. (Combined Statistical Area)

The local expenditure profiles per vessel and for each fleet will be multiplied by the number of vessels in each fleet to estimate total expenditures, by type of expenditure category, in the Santa Cruz Harbor area. The total purchases, by category, will be combined with the associated jobs/sales ratios to estimate direct jobs generated by the purchases of the based fishing fleet in the Santa Cruz Port District.

Direct revenue will be estimated based on total purchases, and direct income will be estimated based on the average salaries of the commercial fleet operations and support services, as determined through interviews.

Task 3: Direct Economic Impacts of Charter Activity

In this task we will estimate the impact of the charter activity based in the Port District. Martin Associates will interview the charter operators to determine local purchase patterns as well as characteristics of the passengers chartering the vessels. These characteristics include local purchases from local restaurants, and the extent that those chartering the vessels stay in the Santa Cruz area pre and post charter. These expenditures will then be combined with the local jobs to sales ratios and income ratios to estimate direct jobs and income.

Direct Revenue will be estimated from the interview results and expanded based on per capita purchases by type of purchase – charter activity, restaurants, local retail, etc.

Task 4: Estimate Induced and Indirect Impacts

The induced and indirect models to be applied to the recreational marina, commercial fishing and charter vessel sectors described above will be developed as follows.

Subtask 4.1: Induced Impacts

The direct employment created by port activity in the above sectors in turn creates income, which is spent and re-spent throughout the local, state and national economies. As a result of the purchases of goods and services by individuals directly dependent upon each sector, additional jobs in the local and state economies will be generated. It is important to emphasize that these jobs are generated due to the purchases by individuals employed due to the Port District activity, not by firms supplying services at the Port District. The induced jobs will be estimated at the local and state levels as well, using data from the U.S. Bureau of Economic Analysis, RIMS II for the appropriate sectors.

Subtask 4.2: Indirect Impacts

Indirect impacts are generated by the local purchases of the firms directly dependent upon port activity. These impacts are estimated based on local purchase patterns, as developed during the interview process. The local and in-state purchases by the firms providing direct services to the port facilities are then combined with jobs-to-sales coefficients derived from the Bureau of Economic Analysis, Regional Input-Output Modeling System (RIMS II) at the local and state levels.

TASK 5: Estimate Tax/Fiscal Impacts

State and local tax impacts will be estimated primarily by using state and local tax burdens developed from the Tax Foundation, as well as detailed tax revenue data provided to Martin Associates by the U.S. Bureau of Census, State and Local Finance Division. This methodology has proven to be very accurate in estimating the state and local tax impacts generated by port activity.



TO: Port Commission
FROM: Blake Anderson, Harbormaster
DATE: August 16, 2024
SUBJECT: Consideration of 6-Pak Charter Application - Sweaty Sheep Ministries (R. Althaus)

Recommendation: Consider approval of 6-pak charter application for Ryan Althaus of Sweaty Sheep Ministries.

BACKGROUND

Mr. Ryan Althaus currently occupies a 40' multihull slip on D-Dock, which was obtained through the regular waiting list in February 2021. The vessel berthed in the slip is a 34' Gemini sailing catamaran, which is held in a Port District approved partnership between Mr. Althaus (51% owner) and the Presbytery of San Jose (49% ownership).

In addition to being a licensed captain and ordained minister, Mr. Althaus is the Executive Director of Salty Sheep Ministries, a fully inclusive ministry and non-profit entity of the National Presbyterian Church. The Salty Sheep program aims to provide accessible art and recreational programming to the public, as well as experiential and faith inclusive bible studies, worship services, and educational offerings with the goal of inspiring interfaith and socio-economic integration.

In 2021, via a County-administered program¹, Salty Sheep received approximately \$100,000 to fund its community-based service program and Mr. Althaus began utilizing his vessel to provide free and accessible marine excursions to the public, including the following organized activities:

- Free community sails
- Free floating church services
- Free outings for local nonprofits supporting individuals with disabilities

Over the last three years, staff has worked with Mr. Althaus to ensure compliance with Port District partnership regulations and obtain additional information regarding the Salty Sheep program and its offerings. With the County provided funding now fully expended, Mr. Althaus has submitted a 6-pak charter permit application and is seeking Port Commission approval to conduct paid charter operations to subsidize program related costs, like insurance and slip fees. The charter permit application is included as Attachment A.

Prior to presenting this charter permit application to the full Commission for review and deliberation, the Policy / Operations Committee met on June 13, 2024, to review Mr. Althaus' current program offerings for compliance with Port District regulations, as well as the proposed charter activities. It should be noted that Mr. Althaus did not attend the Policy / Operations Committee meeting on June 13, 2024.

As a result of that meeting, the Policy / Operations Committee determined the following:

¹ Multiple attempts were made to obtain additional information regarding the County-administered program, but supporting documentation was never received from Mr. Althaus or the County.

- Since no consideration is being exchanged for Mr. Althaus' current free and accessible marine excursions, the activities do not violate Port District Ordinance Section 223 – Charter Boat Operations or U.S. Code of Federal Regulations CFR§ 24.10-1 (Passengers for Hire).
- The current activities of the Salty Sheep program do not meet the criteria for Business Use of Slip in accordance with Port District Ordinance Section 302(e) and may continue.
- Mr. Althaus' proposed charter permit application should proceed unamended to the full Commission for review and deliberation.

ANALYSIS

Mr. Althaus has submitted a complete charter permit application and valid insurance policy in compliance with Port District requirements.

Currently, there are four 6-pak charters operating in the southern portion of the southwest harbor (two on B-Dock, one on C-Dock and one on D-Dock). The northern portion of the southwest harbor (F-Dock and FF-Dock) is home to a majority of the large-scale charters in the harbor. While parking on the harbor's southwest side is generally impacted during peak season, parking in the southern portion (A, B, and C-Docks) typically has more availability than the area near F/FF-Docks. With a passenger limit of 6 people, it is reasonably assumed that customers would arrive in 2-3 cars, resulting in a minimal net parking impact from this charter request.

As the Commission reviews the charter permit application, the following safety concerns associated with Mr. Althaus' current organized boating activities should be considered:

- On June 15, 2023, the Port District received an email from a concerned citizen regarding the operation of Mr. Althaus' vessel near Lighthouse Point. The complaint noted that on two separate occasions, the vessel was observed to be operating in an unsafe manner, very close to shore, in shallow water, and near surfers. The complaint included photographs and the witness reported that on one occasion, the vessel was piloted inside of Seal Rock, in the small channel that separates Seal Rock and the point, which is an extremely dangerous maneuver that jeopardizes passenger and vessel safety.
- On June 24, 2023, the Harbor Office received a phone call from City of Santa Cruz Lifeguard Headquarters regarding the operation of Mr. Althaus' vessel inside the swim buoys at Cowells Beach. Despite repeated warnings from lifeguards, Mr. Althaus' vessel was observed on more than one occasion operating in this restricted area, which is an extremely dangerous and illegal maneuver that jeopardizes the safety of swimmers and waders in the area.
- On July 29, 2023, Mr. Althaus' vessel was observed and photographed operating dangerously close to shore near 26th Avenue during a south swell event (in the area of the reef where breaking waves often occur during sets). The photo depicted passengers standing and sitting on the roof of the vessel, which is an extremely dangerous act, especially given the swell conditions that day.

In addition to the incidents listed above, staff has observed questionable vessel operations by Mr. Althaus and fielded concerns from other charter operators. Although Mr. Althaus addresses these

safety concerns in his charter permit application and has indicated plans to improve his vessel operations, the Commission will need to carefully consider this aspect during its review and deliberation.

IMPACT ON PORT DISTRICT RESOURCES

If approval is granted, the Port District will generate an additional \$772.50 in charter fees annually, and associated visitor parking revenue.

- ATTACHMENTS:
- A. Charter Application and Supporting Materials
 - B. Policy/Operations Committee Meeting Minutes (June 13, 2024)
 - C. Port District Ordinance Section 223 – Charter Boat Operations
 - D. U.S. Code of Federal Regulations CFR§ 24.10-1 (Passengers for Hire)
 - E. Port District Ordinance Section 302(e) – Business Use of Slips

BUSINESS USE OF SLIP / CHARTER PERMIT APPLICATION

CONTACT & BUSINESS INFORMATION

Applicant Name: Ryan Althaus
Home Address: PO Box 7385 Santa Cruz, CA 95061
Email Address: Ryan@sweatysheep.com
Phone Number: 443-223-7334
Assigned Slip #: Slip Assigned through Port District Waiting List? YES NO
Vessel Pak Rating: D28 Vessel Type: Gemini Freestyle Catamaran Vessel Size: 37 ft.
Vessel Draw: 2ft Operating Schedule: Weds @ 5pm, Sat @ 3pm, periodically through the week

THE FOLLOWING INFORMATION MUST BE SUBMITTED AS PART OF THE APPLICATION PROCESS. THE INFORMATION WILL ASSIST IN THE APPROVAL PROCESS. ADDITIONAL INFORMATION MAY BE SUBMITTED, IF DESIRED.

PROPOSED OPERATING PLAN

Include days, times, and seasons of planned operation. Please note that any changes to the operating plan, including changes to the vessel's pak rating or size, will require additional Port Commission approval.

PROPOSED PARKING PLAN

Parking within the harbor is limited. Please address how parking will be utilized and any steps you will take to minimize parking impacts.

SAFETY PLAN

A comprehensive safety plan, outlining courses, certifications, licensing of each qualified vessel operator and/or skipper.

INSURANCE REQUIREMENTS

Liability insurance, in the amount of \$1 million, naming the Santa Cruz Port District as additional insured, must be provided.

SIGNATURE

Owner hereby agrees that, to the full extent permitted by law, Port District shall not be liable or responsible for any claims, demands, damages, debts, liabilities, obligations, costs, expenses, liens, actions or causes of action of any kind whatsoever, resulting (1) from any collision with any of the dredging equipment or any other boat, (2) from any collision or contact with the bottom of the Harbor or any obstructions on the bottom of the Harbor, (3) from any collision or contact with the jetties or surrounding beaches, or (4) from, or in any way relating to, the dredging operations or the lack of dredging operations, including, but not limited to, the closure of the Harbor entrance for any reason or under any circumstances

NAME: Ryan Althaus SIGNATURE: 
SIGNATURE:  DATE: 5/10/24
PRIMARY BANKING INSTITUTION: US Bank

FOR PORT DISTRICT USE

Application Fee: Insurance Req't (Date Submitted):
Received Date: Other Special Conditions:
Approval Date:

◆ Proposed Operating Plan:

- ◆ History: For over two years our vessel, a wheelchair accessible 2019 Gemini Freestyle 37 sailing catamaran, has been hosting free community sails and 'floating church services' for those of all abilities in alignment of our Salty Sheep mission to 'utilize recreation and the arts in the breakdown of faith, social and economic barriers.' In addition, we also offer free outings to other local nonprofits and churches in the area who would otherwise not be able to explore the bay by boat. We have done this in conversation with the regional Coast Guard in order to assure that all outings are in compliance with non-business boating laws that stress non-compensation, and we have each sailor sign a waiver that clearly addresses that ordinance. We hope that these outings remain complementary to the Harbor's goal to share the sport of sailing with a diversity of individuals of all situations, ages and abilities.
- ◆ Plan/proposal: Coming off a three-year grant from Santa Cruz County that has allowed us to offer weekly excursions free of charge, our nonprofit organization hopes to start a small-scale 6-pack charter operation of no more than two outings per week in order to subsidize future insurance and slip costs. The proposed charter operation would not only expand our accessible sailing options to new individuals and groups; but would offer our disabled sailors opportunities to crew for chartered sailings that are hosted for the paying community as a means of empowerment and inclusion.

◆ Proposed Parking Plan

- ◆ Most of our special needs participants utilize the county's free Paracruz transit service or are dropped off by their respective agencies (i.e: Hope services, the Outdoor Autism School, etc.) when participating in our free community sailings. For those who do drive, we stress carpooling and/or non-motor vehicle transit of which most individuals do utilize.
- ◆ When organizing sailings for other nonprofit groups we have been granted free parking at two churches we work with (Santa Cruz Bible Church and Trinity Presbyterian) and we own a fully insured 15 passenger van that can provide shuttle service. This van is available for other nonprofit harbor organizations as well if it would be useful in order to address the larger parking concerns of the harbor moving forward.
- ◆ For proposed charter operations we will continue to promote carpooling and non-vehicular transportation, and are happy to direct individuals to areas of the harbor to which overcrowding is less an

issue. We foresee many of these groups dining at Aldo's Restaurant before sailings given our close proximity, which will draw increased business into the harbor.

- ◆ Finally, all hired excursions will take place during the week, as I, Rev. Ryan Althaus, host a free sail on Saturdays and work on Sundays. Thus we do not foresee any additional crowding issues to arise upon launching a charter program.

- ◆ Safety Plan

- ◆ In order to assure the best safety practices for disabled sailors, we have been working with the Bay Area Association of Disabled Sailors (www.baads.org) to match the safety/adaptivity practices of their long-standing sailing outreach network. This includes having all wheelchair athletes remove the seatbelt of their motorized chairs and either wear or hold a life preserver while on the dock or the vessel. Furthermore, the majority of our disabled sailors come with paid staff whose role on the boat is to specifically support their clients safety and participatory needs.
 - ◆ Our catamaran is uniquely suited for disabled sailors and features high walls as well as an enclosed, flat and stable, cockpit area. We have a moveable ramp that makes the angle of the fixed ramp on the dock ADA compliant and allows passengers to safely wheel right onto the boat. We also have throwable PFDs specifically placed around the boat.
 - ◆ We welcome and encourage the Port Commission to come and tour this exciting vessel in hopes that our organization is able to exponentiate the mission of the harbor by providing accessible boating to the broader community. For example, earlier this summer we hosted five wheelchair-bound members of the Santa Cruz Yacht Club in order to re-launch their disabled sailing program in alignment with their longstanding safety practices.
- ◆ Addressing past safety concerns and infringements:
 - ◆ It has been brought to our attention three specific safety infringements that we have since rectified and would like to expound upon.
 1. Sailing too close to Steamer Lane/Seal Rock and the 26th st. break: As a surfer and aspiring surf photographer I recognize, and have corrected, my sailing in the proximity of surfers. I assure the commission that these reported incidences were done in full awareness of the coastal conditions; however, I take complete responsibility and will not let my hobbies inhibit the safety of our crew again.

2. Reported sailing within swim boundaries: This is inexcusable and I fully acknowledge this. At the time we had youth from our sail swimming along with boat which drifted into the swim area. It took us some time to get the swimmers back on board and the boat out into open waters. This is not an excuse, but an explanation, and I as the Captain of the vessel take full responsibility. In the future we will stay clear of all swim boundaries and any swimming done off the boat will continue to be fully supervised.
3. The boat features an upper-level sundeck above the cockpit area that is made to support individuals; however, in acknowledgement of the addressed safety concerns we will require individuals to wear a PFD when utilizing the space.

◆ **Insurance Requirements:**

- ◆ We have charter/bareboat through Markel Marine (policy statement attached) as well as a \$3 million liability policy through the regional Presbyterian Church (USA) who function as our organization's fiscal sponsor. This policy names the Santa Cruz Harbor as a subsidiary. We also require all participants to sign a waiver which we have attached as a supporting document to this application.

A little about our project and program:

Website: www.saltysheep.org

Contact: Rev. Capt. Ryan Althaus; Mdiv, MBA

443-223-7334

ryan@sweatysheep.com

Our program's mission, "To embrace art and recreation in overcoming faith, social and economic barriers in the community," has laid the foundation for our work promoting inclusion in the Santa Cruz Community for the past 5 years. Salty Sheep provides free programming (art, sailing, farming, hiking, etc) to any local nonprofit organization and/or special needs neighbor in a way which seeks to deliberately integrate individuals with disabilities into the broader community through play. Our work was recognized by the County of Santa Cruz, who named our agency the SC County 'Ministry of Loneliness,' and provided a \$55k grant towards the purchase of our vessel, as well as a \$45k grant to cover three years of slip fees and insurance costs so that we can offer free accessible sailing to those living with disabilities in the county.

This proposed charitable 'charter' program will support our free sailing excursions and instruction to those living with disabilities, in addition to empowering our special needs neighbors by extending an invitation for them to crew for chartered outings of the community. This invitation provides those living with disabilities a way through which to demonstrate their unique gifts and abilities while educating the broader community in areas of marine ecology, the sport of sailing, and special needs awareness. Thus, this new integrative sailing program not only provides respite to those living with disabilities, but introduces them to local boat owners, youth organizations, racing teams and neighbors who share similar passions.

The Monterey Bay is a mecca for bio-diversity, and we seek to add social diversity following in the footsteps of our northern neighbors, the Bay Area Association of Disabled Sailors (<http://www.baads.org/>). Our program currently works directly with several special needs affiliated agencies including www.sharedadventures.org, www.hopeservices.org, Camphill, and Hospice of Santa Cruz, and we are always open to extending that network.

• **So what is Salty Sheep?:**

- Sweaty Sheep is a fully inclusive ministry and non-profit entity of the National Presbyterian Church. In addition to our art and recreation programming, we provide experiential and faith inclusive bible studies, worship services, philosophical/educational offerings, etc with the goal of inspiring interfaith and cross socio-economic integration.

• **What is our Goal?... To be a resource and partner to the Harbor and community through a shared mission to:**

- Provide for an expansive array of affordable, accessible and available marine facilities and services for the boating public.
- Provide and encourage marine educational opportunities in the harbor for all, especially school children.

• **Who are our volunteer leaders?: (Our by-laws restrict any of our leaders from receiving income, gifts, etc in exchange for their time/services.)**

- Executive Director: Rev. Capt. Ryan Althaus is a licensed sailboat Captain as well as an ordained Presbyterian Minister who holds masters degrees in Theology and Business. Ryan has worked as an adaptive triathlon coach and windsurfing instructor, and taught sailing for over five years at Annapolis Sailing School in Maryland.
- Elijah Cooper- Eli holds his masters degree and licensure in adaptive recreational therapy and has worked in the field for over 15 years. He is a certified outdoor wilderness instructor and lifeguard and leads our Salty

Sheep adventure retreat division. Elijah is also the contracted activities director of Shared Adventures and remains steeped in the special needs community.

- River Krimmer, MFT - River is a licensed marriage and family therapist and mindfulness practitioner who works with the families of disabled participants to address care-taking stress, fatigue and burnout. He also facilitates awareness activities that deliberately bridge the gap of ability level amongst youth from our broader community. His private practice can be further reviewed at www.livingevolution.org. River has served as a rafting guide and backcountry wilderness instructor, and brings his passion for and knowledge of the outdoors to the program.

- **Proposed business outcomes and impact**

- Sailing instruction- Our leader, Capt. Ryan Althaus has taught adaptive windsurfing and sailing in both Boston, MA and Annapolis, MD and hopes to continue on that work in the Monterey Bay. Each free community outing is infused with lessons on sailing, marine navigation, etc in hopes that individuals of all abilities become comfortable enough to enroll as crew for future excursions.
- Respite- We don't like to differentiate between work and play at Sweaty Sheep and this exciting sailing expansion provides proof of just that. The core of the program lies in our offering free accessible sailing to the special needs communities of Santa Cruz and Watsonville, but also respite for caretakers. Our volunteer-led program sees collaboration as key and thus partners with a variety of special needs service providers to support their mission by adding an essence of quality to the lives that they serve. These partnerships allow us to maintain a strong network of supported special needs participants while amplifying the offerings of our existing community providers. Our free sailing and art programs are open to other agencies as well as individual families experiencing caregiving fatigue in awareness of the stresses induced in providing for a disabled family member.
- Promoting community education/awareness - As our proposed charter operation develops, we expect to see a significant change in the broader boating community's understanding and acceptance of their special needs neighbors. Although we may provide recreational reprieve to the disabled community, it is the harbor community as a whole who possess the opportunity to truly transform our society in such a way as to move towards inclusivity. In such we see our core outcome to be cultivating transformative relationships between able and alternatively-able bodied participants.
- Transitional employment/job training- Our project is based on a model of self-sustainability in which our participants will earn stipends for charter sails while learning real-world job and social skills in a safe and enjoyable environment. As our special needs sailors become comfortable taking on

roles on the boat we will offer them the opportunity to demonstrate their value and abilities as crew for donation-based charters. This unique model of job training reverses traditional roles of those living with disabilities by providing them an empowering opportunity to 'serve' those who traditionally seek to 'serve' them. Furthermore, these charter sails support the broader program in a way which allows the advanced participants of our free community sails to crew for charters that support and sustain the organization.



MARKEL AMERICAN INSURANCE COMPANY

GLEN ALLEN, VIRGINIA

WATERCRAFT DECLARATIONS PAGE

Page # 5

| | | | |
|---|---|--|-------------------|
| Policy Number: MTD00000580542 | Agency Number: 10208 - 000001 | Effective Date/Transaction: 2023-04-27 Renew | |
| Policy Period: From 04/27/2023 To 04/27/2024 12:01 A.M. Standard Time at Your Mailing Address | | | |
| Insured Name and Mailing Address PRESBYTERY OF SAN JOSE: SWEATY SHEEP RYAN ALTHAUS 890 MERIDIAN WAY San Jose, CA 95126 | | Your Agent 206-273-6996 ANCHOR MARINE UNDERWRITERS 2731 77th AVE SE #207 MERCER ISLAND, WA 98040 | |
| DECLARED USAGE Primary Usage and ID Owner/Operator 2 Usage Type Artisan Additional Usage Description | | | |
| Hull Type Sail - Multi | | # of Vessels 1 | |
| Mooring Location 135 5TH AVE Santa Cruz Santa Cruz CA 95062 | | | |
| Navigation Limits Inland and coastal waters of California, no more than 25 miles offshore. | | | |
| Lay-Up None | From | To | |
| COVERAGE | LIMIT* | DEDUCTIBLE* | PREMIUM |
| Hull, Agreed Value | \$300,000 per occurrence | 3% min \$750 per vessel | \$4,943 |
| Watercraft Liability | \$1,000,000 per occurrence | | \$1,407 |
| Uninsured Watercraft | \$300,000 per occurrence | | \$14 |
| Medical Payments | \$25,000 per occurrence | | \$38 |
| Oil Pollution Liability | \$997,100 per occurrence | | \$12 |
| Personal Effects | \$1,000 per occurrence/per vessel | \$250 per vessel | \$9 |
| Emergency Towing and Assist | \$1,500 per occurrence/per vessel | | \$9 |
| *If Hull Coverage is shown above, the Hull Limit is the total value for all insured vessels. See Vessel Schedule for the individual vessel limits and deductible amounts. | | | |
| Endorsement | | | |
| Premium Total \$750.00 | | Usage Premium | \$7,182.00 |
| Non-Seasonal Rating: If you cancel the policy or if the policy is cancelled for nonpayment of premium, any return premium will be computed on a 90% pro-rata basis subject to our minimum earned premium. If we cancel the policy, any return premium will be computed on a pro-rata basis. | | | |
| Minimum Earned Premium \$500.00 | Policy Taxes/Fees \$0.00 | TOTAL ANNUAL PREMIUM | \$7,182.00 |
| Producer ANCHOR MARINE UNDERWRITERS | | Customer Ref# | |
| Forms and Endorsements Please see the back of this form. | | | |
| Signed on 3/24/2023 | | at MERCER ISLAND, WA | |



MARKEL AMERICAN INSURANCE COMPANY

WATERCRAFT DECLARATIONS PAGE

| Policy Number: | Primary Usage and ID | Agency Number: | Page Number |
|---|-----------------------------|-----------------------|--------------------|
| MTD00000580542 | Owner/Operator 2 | 10208 - 000001 | 6 |
| MTD5001-0215 - The Markel Tradesman Policy | | | |
| MTD5017-0215 - Owner/Operator Usage Endorsement | | | |
| MTD5052-0215 - Agreed Value Endorsement | | | |
| MTD5101-0215 - Uninsured and Underinsured Watercraft Coverage Endorsement | | | |
| MTD5102-0215 - Medical Payments Coverage Endorsement | | | |
| MTD5105-0215 - Personal Effects Coverage Endorsement | | | |
| MTD5107-0215 - Emergency Towing and Assistance Coverage Endorsement | | | |
| MTD5131-0215 - Slip and Mooring Coverage Endorsement | | | |
| MTD5200-0317 - General Amendatory Endorsement | | | |
| MIL1214-0917 - Trade or Economic Sanctions Endorsement | | | |

RELEASE AND WAIVER OF BOAT PASSENGER

1. I wish to participate as a passenger on the recreational boat ride (the "Boat Ride") being operated by the Presbytery of San Jose, a California nonprofit corporation (the "Presbytery") on The Salty Sheep (the "Boat").
2. I UNDERSTAND THAT THERE ARE INHERENT RISKS INVOLVED WITH BOATING, including, but not limited to equipment failure, perils of the sea, slip and fall aboard, lightning strikes, harm caused by other vessels, acts of fellow participants, boarding or disembarking boats, and activities on the docks, which could result in personal injury, property damage, or loss of life. Despite such risks, I wish to proceed with the Boat Ride, and I FREELY ACCEPT AND EXPRESSLY ASSUME ALL SUCH RISKS.
3. I fully assume responsibility for my own safety (including, without limitation, following all directions of the Boat's operator) while participating and I verify I'm physically able to participate.
4. I fully understand and agree that the Boat has very limited medical facilities, that in the event of illness or injury appropriate medical care must be summoned, and that treatment will be delayed until I can be transported to a proper medical facility.
5. No person associated with the Presbytery has made any express or implied representation to me that they or the Boat's crew can or will perform safe rescues or render first aid. In the event I show signs of distress or call for aid I would like assistance and will not hold any person or entity responsible for their actions in attempting rescue or rendering first aid.
6. Having read this document, I AGREE TO WAIVE ALL CLAIMS AGAINST, AND RELEASE FROM LIABILITY AND HOLD HARMLESS, the Presbytery, along with its officers, directors, employees, owners, members, managers, affiliates, agents, representatives, attorneys, heirs, personal representatives, successors and assigns (including but not limited to Ryan Althaus), all individuals associated with the Boat Ride, and all individuals and entities having an interest in the Boat, from any and all liability, claims, demands, equitable relief, damages, costs, expenses, and causes of action (including attorneys' fees) of any kind or nature whatsoever (including negligence), arising out of or relating to the Boat Ride.
7. I certify that this is a completely free recreational sailing trip and that no compensation has been exchanged in the form of donations, goods, services, etc...
8. I certify that I have read this document and agree with its contents, and that in signing it I am not relying on any oral or written representations or statements apart from what is set forth in this document.

Signature of Participant: _____
Printed Name of Participant: _____
Phone Number of Participant: _____



Policy / Operations Committee Meeting of June 13, 2024

Santa Cruz Port Commission
Policy / Operations Committee Meeting
MINUTES

Committee Members Present:
Steve Reed, Committee-Chair
Darren Gertler, Commissioner

Staff Present:
Holland MacLaurie, Port Director
Blake Anderson, Harbormaster
Renee Ghisletta, Admin. Services Officer
Hilary Weisert, Admin. Assistant

SPECIAL PUBLIC SESSION – 2:00 PM

Committee-Chair Reed called the special public session to order at 2:00 PM at the Harbor Public Meeting Room; 365 A Lake Avenue, Santa Cruz, CA (hybrid meeting platform).

1. Oral Communication
2. Review Current Activities of Salty Sheep Ministries' Program (Ryan Althaus)

Discussion: The Policy and Operations Committee met to review and discuss the current and proposed activities of the Salty Sheep Ministries' program.

Harbormaster Anderson stated that Mr. Althaus (who was not in attendance at the meeting) currently utilizes his vessel to provide free and accessible marine excursions to the public, including free community sails, free floating church services, and free outings for local nonprofits supporting individuals with disabilities. He stated that Mr. Althaus has submitted a 6-pak charter permit application, but prior to presenting the application to the full Commission for review and deliberation, staff is seeking guidance from the Policy and Operations Committee on whether Mr. Althaus' current utilization of his vessel is in compliance with Port District regulations.

The Committee reviewed and discussed Mr. Ryan Althaus' current utilization of his vessel and provided the following determinations:

- Since no consideration is being exchanged for Mr. Althaus' current free and accessible marine excursions, the activities do not violate Port District Ordinance Section 223 – Charter Boat Operations or U.S. Code of Federal Regulations CFR§ 24.10-1 (Passengers for Hire).
- The current activities of the Salty Sheep program do not meet the criteria for Business Use of Slip in accordance with Port District ordinance Section 302(e).

As a result, the Committee directed staff to proceed with preparing Mr. Althaus' charter permit application for presentation to the full Commission.

A discussion ensued regarding the proposed charter operations and the safety concerns associated with Mr. Althaus' organized boating activities.

Harbormaster Anderson stated that while Mr. Althaus has addressed the safety concerns in his charter permit application, the Commission will need to carefully consider this aspect as part of its review and deliberation.

In response to a question posed by Commissioner Gertler, Harbormaster Anderson confirmed that staff has not previously presented a charter permit application to the full Commission for approval that included serious safety concerns. He stated that there are currently no safety concerns associated with other approved charter operators.

Committee-Chair Reed questioned whether potential mitigation measures could be implemented to address the safety concerns (i.e., requiring charter guests to provide signed waivers to the Harbor Office prior to boarding the vessel).

Staff responded that while the Commission can implement special provisions for individual charter permits, that process is typically reserved for large-scale charter operations, not 6-paks (all 6-pak charter permits are issued under the same standard conditions). Additionally, the impacts associated with tracking and monitoring the real-time business operations of a charter operator would be unduly cumbersome.

Audience member, Liz Murphy, expressed concerns about the safety issues related to Mr. Althaus' charter operations and requested that the Commission carefully consider that aspect as part of their review.

To summarize, the Committee directed staff to proceed with preparing Mr. Althaus' charter permit application for presentation to the full Commission.

Committee-Chair Reed adjourned the special public committee meeting at 2:42 PM.

A handwritten signature in black ink, appearing to read "H. MacLaurie", written over a horizontal line.

Holland MacLaurie, Port Director

SECTION 223 - Charter Boat Operations

For passengers-for-hire charter boat operations, it shall be unlawful to load or unload passengers inside Santa Cruz Marina, except with prior approval from the Port District Commission. With Commission approval, the Port Director shall issue a written permit which states the magnitude, duration, and any other special considerations required of the charter boat owner/operator. Violation of this section will be cause for a citation to be issued to the owner or operator of the charter business. Continued violation of this section will be grounds for the cancellation of all berthing privileges within Santa Cruz Marina for the charter boat(s) in violation of this section.

This section will not apply to bare-boat charter operations.

U.S. Coast Guard
PASSENGER FOR HIRE

U.S. Code of Federal Regulations (CRF§ 24.10-1)

Passenger for Hire:

A passenger for whom consideration is contributed as a condition of carriage on the vessel, whether directly or indirectly flowing to the owner, charterer, operator, agent, or any other person having an interest in the vessel.” Additionally, Consideration is defined as “an economic benefit or profit including payment of money or donation of fuel, food, beverage, or supplies.

Consideration:

An economic benefit, inducement, right, or profit, including pecuniary payment accruing to an individual, person, or entity but not including a voluntary sharing of the actual expenses of the voyage by monetary contribution or donation of fuel, food, beverage, or other supplies.

SECTION 302 - Regular License Berthing Regulations

(e) Business Use Of Slips

Berths in Santa Cruz Harbor may be used for marine business purposes. Such use may include, but is not limited to:

- Public chartering operations
- Boat brokerage
- Boat rental – livery service
- Boating education / instruction / lessons
- Marine research
- Boating services such as engine repair, boat maintenance, diving services
- Other marine businesses which the Port Commission determines at the time can be of benefit to the boating public

Approval of such proposals will be determined by deliberation of:

- 1) the benefit of proposed business to the public;
- 2) the impact of the proposed business on:
 - existing harbor operations;
 - traffic and parking;
 - environmental issues;
 - financial benefit or impact to the Port District.

The Port Commission shall be the sole judge in granting consent for a slip to be used for business use and its decision will be final. Subsequent to Commission approval, each business use shall be reviewed yearly to assure that the objectives of the business use are being met.

All business use of slips will be subject to specific fees which will be set by the Port Commission, and amended from time to time.

Businesses making use of a slip for business purposes may not transfer a slip license upon the sale, lease, or partial sale of their business to any second party. The Port District regulations and their intent in governing the non-transference of slip licenses for individual slip shall also apply to a slip used for business purposes.

The Port Commission has the right to revoke any slip license if it is determined that business use of the slip is being used for purposes other than those approved.



TO: Port Commission

FROM: Toby Goddard, Port Commissioner

DATE: August 18, 2024

SUBJECT: Consideration of a Formal Name for 2222 East Cliff Drive

Recommendation: Establish a formal name for the Port District's building at 2222 East Cliff Drive as the Santa Cruz Waterfront Center.

BACKGROUND:

Over the past few years, a number of changes and improvements have taken place at and around the property known as 2222 East Cliff Drive. These changes include the following:

- Approval of a restated lease agreement with O'Neill Sea Odyssey and assumption by the Port District of the former subleases on the second floor.
- Reconstruction of the building's second story deck.
- Replacement of the boiler
- New pavement in the concession lot and improvement to nearby ADA parking facilities.

More is planned. The FY 2025 budget calls for repainting the building later this year. In all, there has been a significant investment of Port District time and resources devoted to this property and the businesses that occupy it.

ANALYSIS

The building is arguably the Port District's single most prime piece of property given its ocean front location, spectacular views, and the amount of outdoor recreational activity it supports. It has a distinctive architectural style and consistent signage for businesses located within. What this building lacks, in my view, is a name that is befitting of its importance to the community. It is typically referred to now merely by its street address, 2222 East Cliff Drive.

I am proposing the Port District establish a formal name, based on a similar prominent building located at Santa Barbara Harbor. The proposed name is Santa Cruz Waterfront Center. It would serve to give the building a new identity that reflects the multitude of activities that take place in and around the property, and would complement other named, popular locations nearby, such as the Boardwalk, Santa Cruz Wharf and Lighthouse Point. Businesses located inside would be able to market their location with this name.

I respectfully request the Port Commission consider adopting this name for use going forward. As an alternative, another choice could be Santa Cruz Maritime Center.

IMPACT ON PORT DISTRICT RESOURCES

If a formal name is selected for the building, impacts on Port District resources would be minimal. Ample funds are available in the FY25 operating budget to accommodate new signage and update any existing marketing material, including the Port District's website.



TO: Port Commission
FROM: Carl Wulf, Facilities Maintenance & Engineering Manager
DATE: August 19, 2024
SUBJECT: Award of Contract for Metal Canopy Structure Project (NTE \$128,100)

Recommendation: *Award a contract for the Metal Canopy Structure Project; authorize the Port Director to execute the contract; and authorize a not-to-exceed amount for construction; and approve an appropriation in the FY25 budget for the amount of the contract plus a contingency.*

BACKGROUND

The Port District will be required to relocate approximately 45 kayaks and rowing sculls from the area of FF-Dock prior to the commencement of the City of Santa Cruz's Murray Street Bridge Seismic Retrofit & Barrier Replacement Project, which is scheduled to commence in early 2025.

To facilitate the required vessel relocations, the Port District will construct a permanent, pre-engineered metal canopy structure with kayak racks, in the area of A-Dock, to temporarily house the displaced vessels (see attached map).

The project was advertised in accordance with the procedures contained in the California Public Contract Code. On August 15, 2024, one bid was received for the project from SSB Construction (SSB). SSB submitted a base bid of \$122,070.

SSB holds licensing as a Class B General Building Contractor, C51 Steel Structural, C39 Roofing, and C33 Painting. Based on prior work performed by SSB at the Santa Cruz Harbor, staff is satisfied that they can fulfill the contract requirements.

ANALYSIS

Work, as part of this project, will consist of construction of a pre-engineered metal canopy structure and associated site work. Construction of the individual kayak racks that will be housed under the canopy structure are not included in this contract and will be constructed by in-house crews at a later date.

Construction Budget

The figures below represent the estimated construction budget based on SSB's bid:

| | |
|--------------------------------|-------------------|
| Contract Amount | \$ 122,070 |
| Contingencies (approx. 5%) | \$ <u>6,030</u> |
| Total Construction Cost | \$ 128,100 |

Permits

All regulatory permits for this project have been obtained by the City of Santa Cruz as part of the Murray Street Bridge Seismic Retrofit & Barrier Replacement Project.

IMPACT ON PORT DISTRICT RESOURCES

Adequate funding for this project is available in the Capital Improvement Program Murray Street Bridge (F024) fund, which as of July 31, 2024, has an available balance of \$4,535,716, of which \$223,000 is allocated for this relocation project.

ATTACHMENTS: A. Map: Proposed Canopy Location

PROPOSED CANOPY LOCATION



Santa Cruz Port District
Accounts Payable Monthly Check Register
July 2024

| Date | No. | Vendor | Description | Amount |
|-----------|-------|---|---|--------------|
| 7/12/2024 | 60225 | Ace Portable Services | Portable Toilet Rental | \$ 214.67 |
| 7/12/2024 | 60226 | Adobe Systems Incorporated | Annual Software Licenses | \$ 8,639.16 |
| 7/12/2024 | 60227 | Allied Administrators for Delta Dental | Dental Insurance | \$ 3,214.46 |
| 7/12/2024 | 60228 | Allied Universal | Security Patrol | \$ 5,512.09 |
| 7/12/2024 | 60229 | Amazon Capital Services | Hole Saws, Hammer Drill, <i>Twin Lakes</i> Hydraulic Caps, Welding Shields, Wire Brushes | \$ 454.93 |
| 7/12/2024 | 60230 | Amerigas | Ancillary Equipment Fuel | \$ 326.75 |
| 7/12/2024 | 60231 | AT&T | Telephone | \$ 864.40 |
| 7/12/2024 | 60232 | Bay Building Janitorial, Inc. | Refuse Collection, Janitorial Services | \$ 12,918.66 |
| 7/12/2024 | 60233 | Bay Plumbing Supply, Inc. | Ball Valve, 333 Lake Avenue Toilet Tank, Nail Plates, F-Dock Pressure Reducing Valve, Maintenance Building Kitchen Faucet, Pipe Fittings, O-Dock Restroom Faucet & Fittings, Press Tool Kit | \$ 4,411.71 |
| 7/12/2024 | 60234 | Bayside Oil II, Inc. | Waste Oil & Hazardous Waste Disposal | \$ 580.75 |
| 7/12/2024 | 60235 | Big Creek | V-Dock Brow Pier & Ramp Lumber, Dock Hardware, F-Dock Ramp Lumber, Duct Tape, Drill Bits, East Public Pier Railing Lumber, Dredge Yard Shade Structure Lumber | \$ 775.31 |
| 7/12/2024 | 60236 | Blake Anderson | Quarterly Uniform Allowance | \$ 190.00 |
| 7/12/2024 | 60237 | Bow Wow Pet Waste Products | Pet Waste Station Bags | \$ 210.88 |
| 7/12/2024 | 60238 | Carpi & Clay | Washington Representation | \$ 800.00 |
| 7/12/2024 | 60239 | Complete Mailing Service | Statement Mailing & Postage | \$ 584.94 |
| 7/12/2024 | 60240 | County of Santa Cruz DPW | Hazmat Disposal | \$ 46.50 |
| 7/12/2024 | 60241 | Crow's Nest Restaurant | 1/2 Concession Lot Garbage (May - Tenant Reimbursable) | \$ 3,431.05 |
| 7/12/2024 | 60242 | Crystal Springs Water Co. | Boatyard Drinking Water | \$ 79.75 |
| 7/12/2024 | 60243 | Data Ticket, Inc. | Citation Processing (May) | \$ 605.81 |
| 7/12/2024 | 60244 | David Hill | Training Expense Reimbursement: Rangemaster Course, Quarterly Uniform Allowance | \$ 1,526.80 |
| 7/12/2024 | 60245 | Dredging Supply Company, Inc. | Spare Hydraulic Piston Motor | \$ 5,453.22 |
| 7/12/2024 | 60246 | Electro Specialties | Boatyard Retail Items | \$ 490.42 |
| 7/12/2024 | 60247 | Elevator Service Company | Monthly Service | \$ 500.00 |
| 7/12/2024 | 60248 | Environmental Logistics | Hazmat Waste Disposal | \$ 2,292.00 |
| 7/12/2024 | 60249 | Fastrak Violation Processing Department | Bridge Toll | \$ 7.00 |
| 7/12/2024 | 60250 | Ferguson Enterprises, Inc. | 2222 East Cliff Drive, Suite 100 - Plumbing Fittings | \$ 45.80 |
| 7/12/2024 | 60251 | Garda CL West, Inc. | Deposit Courier Service | \$ 1,005.72 |
| 7/12/2024 | 60252 | Gottlieb, Landon | Quarterly Uniform Allowance | \$ 190.00 |
| 7/12/2024 | 60253 | Grainger | Engraver, Disposable Gloves, Wire Wheel Brushes, Paint Supplies | \$ 672.74 |

Santa Cruz Port District
Accounts Payable Monthly Check Register
July 2024

| Date | No. | Vendor | Description | Amount |
|-----------|-------|--|--|--------------|
| 7/12/2024 | 60254 | Gsolutionz | Telephone System Maintenance | \$ 262.85 |
| 7/12/2024 | 60255 | Guy, Parker | Quarterly Uniform Allowance | \$ 190.00 |
| 7/12/2024 | 60256 | Haro Kasunich & Associates, Inc. | Geotechnical Services: East Access Road Embankment Assessment & Repair | \$ 514.00 |
| 7/12/2024 | 60257 | HD Supply Facilities Maintenance, Ltd. | Janitorial Supplies, Rust Converting Primer | \$ 8,643.98 |
| 7/12/2024 | 60258 | Hose Shop | Pressure Gauge | \$ 99.72 |
| 7/12/2024 | 60259 | John Haynes | Quarterly Uniform Allowance | \$ 190.00 |
| 7/12/2024 | 60260 | Kingdom, Kyle | Quarterly Uniform Allowance | \$ 190.00 |
| 7/12/2024 | 60261 | King's Paint & Paper, Inc. | Dock Primer, Paint Sprayer Tips | \$ 280.55 |
| 7/12/2024 | 60262 | Lawson | <i>Twin Lakes</i> Hydraulic Hose & Fittings | \$ 10,841.32 |
| 7/12/2024 | 60263 | Linde Gas & Equipment, Inc. | Welding Wire | \$ 430.13 |
| 7/12/2024 | 60264 | Marina Ware | Security Camera Upgrades (Final Payment) | \$ 2,132.58 |
| 7/12/2024 | 60265 | McMaster-Carr Supply Company | <i>Twin Lakes</i> Vents, Padlocks, Hex Head Screws, Washers, Nuts | \$ 1,455.01 |
| 7/12/2024 | 60266 | Melrose, Rick | Quarterly Uniform Allowance | \$ 100.00 |
| 7/12/2024 | 60267 | Mesiti-Miller Engineering, Inc. | Engineering Services: East Access Road Embankment Assessment & Repair & FF-Dock Sink Hole | \$ 2,200.68 |
| 7/12/2024 | 60268 | Mid County Auto Supply | <i>Squirt</i> Batteries, Brake Cleaner, Windshield Wiper Fluid, Maintenance Vehicle Oil & Oil Filter, Boatyard Sweeper Oil & Oil Filter, Patrol Vehicle Wiper Blades | \$ 461.69 |
| 7/12/2024 | 60269 | Mission Uniform Service | First Aid Supply, Uniform Service | \$ 1,019.35 |
| 7/12/2024 | 60270 | Monterey Bay Analytical Services | City of Santa Cruz Annual Water Testing | \$ 877.00 |
| 7/12/2024 | 60271 | Monterey Bay Marine | Maintenance Workboat Service | \$ 409.87 |
| 7/12/2024 | 60272 | Operating Engineers | Union Dues (Payroll Deduction) | \$ 276.00 |
| 7/12/2024 | 60273 | Capital One Trade Credit - OSH | Plastic Anchor Kit, Electrical Outlet Box & Cover, Fasteners | \$ 20.60 |
| 7/12/2024 | 60274 | Pacific Crest Engineering, Inc. | Annual Stormwater Pollution Prevention Plan Inspection | \$ 666.25 |
| 7/12/2024 | 60275 | Pacific Gas & Electric Company | Utilities | \$ 379.98 |
| 7/12/2024 | 60276 | Pagoda Technologies Inc | IT & Cyber Security Services (July), Telephone Network Switch, (3) Replacement Desktop Computers, Data Cables | \$ 10,023.39 |
| 7/12/2024 | 60277 | PDM Steel Service Centers, Inc. | <i>Twin Lakes</i> Pump Intake Steel, Parking Lot Bollards, Angle Steel | \$ 2,465.10 |
| 7/12/2024 | 60278 | Peninsula Diesel Inc. | <i>Squirt</i> Anode & Gaskets | \$ 154.86 |
| 7/12/2024 | 60279 | Peterson | <i>Twin Lakes</i> C18 Engine Repair, O-Rings, Anti-Freeze, Battery, Fittings | \$ 5,565.36 |
| 7/12/2024 | 60280 | Red Wing Shoe Store | Maintenance Staff Work Boots | \$ 276.93 |
| 7/12/2024 | 60281 | RIPALog, LLC | Annual Reporting Service | \$ 1,800.00 |
| 7/12/2024 | 60282 | Riverside Lighting & Electric | Boatyard Sump Pump Repair, Lightbulbs, Electrical Supplies | \$ 242.05 |
| 7/12/2024 | 60283 | Royal Wholesale Electric | Lift Station Thermal Unit | \$ 117.49 |

Santa Cruz Port District
Accounts Payable Monthly Check Register
July 2024

| Date | No. | Vendor | Description | Amount |
|-----------|-------|---|--|--------------|
| 7/12/2024 | 60284 | Santa Cruz Tire & Auto Care | Patrol Vehicle Timing Chain Replacement | \$ 5,316.70 |
| 7/12/2024 | 60285 | SC Fuels | Fuel Dock Gas & Diesel | \$ 57,973.18 |
| 7/12/2024 | 60286 | Santa Cruz Municipal Utilities | Utilities | \$ 3,590.60 |
| 7/12/2024 | 60287 | Sean Rothwell | Quarterly Uniform Service | \$ 190.00 |
| 7/12/2024 | 60288 | Shields, Harper & Co. | FuelMaster FMLive Upgrade | \$ 2,561.50 |
| 7/12/2024 | 60289 | SSB Construction | 413 Lake Avenue Metal Roof Coating Project | \$ 21,789.00 |
| 7/12/2024 | 60290 | Superior Alarm Company | 493 Lake Avenue Alarm Monitoring | \$ 24.00 |
| 7/12/2024 | 60291 | Svensden's Marine & Industrial Supply | Boatyard Retail Items | \$ 53.00 |
| 7/12/2024 | 60292 | Total Secure Technology | Technical Support (February) | \$ 680.00 |
| 7/12/2024 | 60293 | Triton Construction | Underground Storage Tank Lid Replacement | \$ 3,474.39 |
| 7/12/2024 | 60294 | U.S. Bank Equipment Finance | Copier Lease | \$ 304.36 |
| 7/12/2024 | 60295 | US Relay | Webcam Service | \$ 484.00 |
| 7/12/2024 | 60296 | Vel-Com | Concession Lot Parking Machine Data Line Replacement | \$ 340.00 |
| 7/12/2024 | 60297 | Ventura Hydraulic & Machine Works | <i>Squirt</i> Overhaul, <i>Twin Lakes</i> Chopper Cylinder | \$ 36,115.54 |
| 7/12/2024 | 60298 | Verizon Wireless | Cell Phone & Tablet Service | \$ 276.95 |
| 7/12/2024 | 60299 | West Coast Cranes, Inc. | Crane Rental | \$ 8,846.00 |
| 7/12/2024 | 60300 | West Marine Pro | VHF Radio, <i>Dauntless</i> Paint | \$ 873.66 |
| 7/12/2024 | 60301 | West Marine Pro | Boatyard Retail Items | \$ 1,839.41 |
| 7/26/2024 | 60302 | VOID | | |
| 7/26/2024 | 60303 | Atchison Barisone Condotti & Kovacevich | Legal Consultation | \$ 1,103.50 |
| 7/26/2024 | 60304 | First-Citizens Bank & Trust Co. | Telephone System Lease | \$ 324.47 |
| 7/26/2024 | 60305 | Mario Brenta | Security Deposit Refund | \$ 658.35 |
| 7/26/2024 | 60306 | Burke, Williams & Sorensen, LLP | Legal Consultation | \$ 1,109.50 |
| 7/26/2024 | 60307 | Cale America, Inc. | Monthly Service (May - June) | \$ 2,611.44 |
| 7/26/2024 | 60308 | Citi Cards | Annual Smartsheet Subscription | \$ 1,500.00 |
| 7/26/2024 | 60309 | Comcast | Business Internet | \$ 304.14 |
| 7/26/2024 | 60310 | County of Santa Cruz DPW | Hazardous Waste Disposal | \$ 104.94 |
| 7/26/2024 | 60311 | Crow's Nest Restaurant | 1/2 Concession Lot Garbage & 1/2 Compactor Repair (June - Tenant Reimbursable) | \$ 4,648.19 |
| 7/26/2024 | 60312 | Data Ticket, Inc. | Citation Processing (June) | \$ 921.37 |
| 7/26/2024 | 60313 | Downey Brand | Legal Consultation | \$ 4,585.18 |
| 7/26/2024 | 60314 | Dredging Supply Company, Inc. | <i>Twin Lakes</i> Spare Hydraulic Motor Piston | \$ 6,049.48 |
| 7/26/2024 | 60315 | Foster & Foster, Inc. | GASB 68 & 75 Reporting | \$ 10,000.00 |
| 7/26/2024 | 60316 | Grainger | <i>Twin Lakes</i> Check & Ball Valves | \$ 1,163.69 |
| 7/26/2024 | 60317 | Douglas Grosjean | Security Deposit Refund | \$ 186.20 |

Santa Cruz Port District
Accounts Payable Monthly Check Register
July 2024

| Date | No. | Vendor | Description | Amount |
|-----------|---------|------------------------------------|--|---------------|
| 7/26/2024 | 60318 | Home Depot Credit Services | Power Tool Batteries, Pay Station Kiosk Roofing & Trim, Masonry Grinder Blade, Bit Set, Auger Bit, Tape Measure, Saw, Saw Blades, Oscillating Tool, Sanding Discs, Pipe Cutter, Door Hinges, Electrical Outlets, Harbor Office Replacement Exterior Door | \$ 1,744.70 |
| 7/26/2024 | 60319 | Hose Shop | Fuel Dock Hose Assembly | \$ 413.39 |
| 7/26/2024 | 60320 | Kendall Larsen | Credit Balance Refund | \$ 13,510.93 |
| 7/26/2024 | 60321 | Marian Low | Security Deposit Refund | \$ 262.50 |
| 7/26/2024 | 60322 | McDermott, Dick | 497 Lake Avenue Installment Payment | \$ 4,535.45 |
| 7/26/2024 | 60323 | Mid County Auto Supply | Boatyard Sweeper Oil & Oil Filter | \$ 126.83 |
| 7/26/2024 | 60324 | Mission Uniform Service | First Aid Supply, Uniform Service | \$ 228.50 |
| 7/26/2024 | 60325 | Jeremy Needelman | Event Security Deposit Refund | \$ 5,000.00 |
| 7/26/2024 | 60326 | Capital One Trade Credit - OSH | Cable Ties | \$ 35.94 |
| 7/26/2024 | 60327 | Pacific Gas & Electric Company | Utilities | \$ 39,662.51 |
| 7/26/2024 | 60328 | Pagoda Technologies Inc | VoIP Telephone System Installation | \$ 5,780.00 |
| 7/26/2024 | 60329 | PNC Bank, N.A. | Tax Exempt Loan Principle & Interest | \$ 726,949.61 |
| 7/26/2024 | 60330 | Priors Tires | Dredge Forklift Tires | \$ 719.06 |
| 7/26/2024 | 60331 | Quadient Leasing USA, Inc. | Postage Meter Lease | \$ 207.75 |
| 7/26/2024 | 60332 | RDO Equipment Co. | Squirt Turbocharger | \$ 9,170.98 |
| 7/26/2024 | 60333 | San Lorenzo | 2222 East Cliff Drive Door Handles | \$ 70.51 |
| 7/26/2024 | 60334 | Michael Smith | Backflow Testing | \$ 2,929.00 |
| 7/26/2024 | 60335 | Scheidt & Bachmann | Monthly Service | \$ 2,765.66 |
| 7/26/2024 | 60336 | Santa Cruz Municipal Utilities | Utilities | \$ 26,703.09 |
| 7/26/2024 | 60337 | Sami Tantawi | Security Deposit Refund | \$ 1,203.42 |
| 7/26/2024 | 60338 | Annie Thatcher | Volleyball Reservation Cancellation Refund | \$ 255.00 |
| 7/26/2024 | 60339 | Douglas Thompson | Security Deposit Refund | \$ 247.92 |
| 7/26/2024 | 60340 | TranSystems Corporation | Engineering Services: Murray Street Bridge Seismic Retrofit and Barrier Replacement Project | \$ 8,300.00 |
| 7/26/2024 | 60341 | Uline | Propane Cylinder Cabinet | \$ 889.18 |
| 7/26/2024 | 60342 | West Marine Pro | Boatyard Retail Items | \$ 67.85 |
| 7/5/2024 | Various | Various Employees | 6/16/24-6/30/24 Payroll | \$ 9,306.60 |
| 7/19/2024 | Various | Various Employees | 7/1/24-7/15/24 Payroll | \$ 8,215.34 |
| 7/1/2024 | EFT | California State Disbursement Unit | Wage Garnishment (Payroll Deduction) | \$ 125.00 |
| 7/1/2024 | EFT | Cardconnect | RV Park Credit Card Fees | \$ 740.13 |
| 7/1/2024 | EFT | Deluxe For Business | Accounts Payable Checks | \$ 1,629.33 |
| 7/1/2024 | EFT | ElectronicPayments | Fuel Dock Credit Card Fees | \$ 908.22 |
| 7/1/2024 | EFT | Gravity Payments | Front Desk Credit Card Fees | \$ 3,031.22 |

Santa Cruz Port District
Accounts Payable Monthly Check Register
 July 2024

| Date | No. | Vendor | Description | Amount |
|-----------|-----|---|---|---------------|
| 7/1/2024 | EFT | Merchant Services | Online Billpay Credit Card Fees | \$ 365.94 |
| 7/1/2024 | EFT | Merchant Services | CALE Credit Card Fees | \$ 2,154.97 |
| 7/1/2024 | EFT | Merchant Services | Boatyard Credit Card Fees | \$ 444.75 |
| 7/1/2024 | EFT | Transaction Express | Online Billpay ACH Fees | \$ 778.77 |
| 7/1/2024 | EFT | Windcave, Inc. | Concession Lot Credit Card Fees | \$ 3,497.40 |
| 7/3/2024 | EFT | California State Disbursement Unit | Wage Garnishment (Payroll Deduction) | \$ 125.00 |
| 7/3/2024 | EFT | CalPERS | Health Insurance | \$ 53,873.92 |
| 7/3/2024 | EFT | CalPERS | Retirement Contributions (Employee & Employer) | \$ 9,526.94 |
| 7/3/2024 | EFT | CalPERS | Retirement Contributions (Employee & Employer) | \$ 7,528.67 |
| 7/3/2024 | EFT | CalPERS | Retirement Contributions (Employee & Employer) | \$ 1,703.25 |
| 7/3/2024 | EFT | CalPERS | 457 Contributions (Payroll Deduction) | \$ 4,363.95 |
| 7/5/2024 | EFT | Empower Retirement | 457 Loan Repayments (Payroll Deduction) | \$ 355.44 |
| 7/5/2024 | EFT | PAYCHEX | 6/16/24-6/30/24 Payroll Direct Deposit | \$ 68,034.87 |
| 7/5/2024 | EFT | PAYCHEX | 6/16/24-6/30/24 Payroll Taxes | \$ 32,625.43 |
| 7/5/2024 | EFT | PAYCHEX | Payroll Service Fees | \$ 677.17 |
| 7/8/2024 | EFT | Comerica Commercial Card Services | WhenIWork Subscription, Concession Lot Pay Station Kiosk Paint, Office Supplies, Zoom Subscription, Harbor Dedication Sign, Traffic Paint, 493 Lake Avenue Elevator Backup Battery, Exterior Paint & Supplies, Boatyard Cleaning Supplies, Festool Dust Extractors & Filter Bags, Shipping, Shade Canopies, Hazardous Waste Drum Magnets, Power Tool Battery Return, <i>Twin Lakes</i> Transducer Parts, Abrasives, Tubing Notcher, Work Knives, Bridge Toll, Commission Meeting Refreshments | \$ 5,369.22 |
| 7/10/2024 | EFT | Campspot | RV Park Software Monthly Fees | \$ 360.90 |
| 7/10/2024 | EFT | Comerica Bank | Service Charges | \$ 856.23 |
| 7/10/2024 | EFT | Gravity Payments | Front Desk Credit Card Gateway Fee | \$ 24.26 |
| 7/19/2024 | EFT | Empower Retirement | 457 Loan Repayments (Payroll Deduction) | \$ 88.88 |
| 7/19/2024 | EFT | PAYCHEX | 7/1/24-7/15/24 Payroll Direct Deposit | \$ 68,256.93 |
| 7/19/2024 | EFT | PAYCHEX | 7/1/24-7/15/24 Payroll Taxes | \$ 32,352.32 |
| 7/19/2024 | EFT | PAYCHEX | Payroll Service Fees | \$ 659.17 |
| 7/20/2024 | EFT | PAYCHEX | Time & Attendance Fees | \$ 120.45 |
| 7/24/2024 | EFT | California Department of Tax and Fee Administration | Sales Tax Return | \$ 1,742.00 |
| 7/24/2024 | EFT | California Department of Tax and Fee Administration | Underground Storage Tank Maintenance Return | \$ 618.00 |
| 7/25/2024 | EFT | CalPERS | Unfunded Accrued Liability | \$ 441,990.00 |
| 7/25/2024 | EFT | CalPERS | Unfunded Accrued Liability | \$ 12,993.00 |
| 7/25/2024 | EFT | CalPERS | Unfunded Accrued Liability | \$ 4,861.00 |
| 7/25/2024 | EFT | CalPERS | Additional Unfunded Accrued Liability Payment | \$ 20,000.00 |

Santa Cruz Port District
Accounts Payable Monthly Check Register
 July 2024

| Date | No. | Vendor | Description | Amount |
|--------------------------------------|-----|----------------|--|------------------------|
| 7/25/2024 | EFT | CalPERS | Retirement Contributions (Employee & Employer) | \$ 9,722.56 |
| 7/25/2024 | EFT | CalPERS | Retirement Contributions (Employee & Employer) | \$ 7,708.70 |
| 7/25/2024 | EFT | CalPERS | Retirement Contributions (Employee & Employer) | \$ 1,708.22 |
| 7/25/2024 | EFT | CalPERS | 457 Contributions (Payroll Deduction) | \$ 4,711.14 |
| 7/30/2024 | EFT | Windcave, Inc. | Concession Lot Credit Card Device Charges | \$ 908.42 |
| Total July 2024 Disbursements | | | | \$ 1,965,178.49 |



TO: Port Commission
FROM: Holland MacLaurie, Port Director
DATE: August 15, 2024
SUBJECT: Port Director's Report – August 27, 2024

Unfunded Accrued Liability (UAL) Annual Compliance Report

In accordance with the Port District's Unfunded Accrued Liability Pension Management Policy, staff has contracted with CalMuni Advisors to provide an annual review of the District's upcoming CalPERS actuarial valuation reports. The cost of the annual report is \$1,750. Upon completion of CalMuni's review, the Commission will be provided with a report that details the annual changes to each of the District's pension plans, including associated cost implications.

Memorandum of Agreement Update – U.S. Army Corps of Engineers (USACE)

Staff continues to work with the USACE to renew the current Memorandum of Agreement (MOA) for operation and maintenance of the federal entrance channel. A review of the draft agreement has been completed by the South Pacific Division (SPD). SPD has requested that the San Francisco District perform additional research to ensure that the cost share calculation is accurate based off commercial activities at Santa Cruz Harbor. Staff believes the current 65%/35% cost share arrangement will be substantiated. Once complete, the document will be prepared for transmittal to Headquarters for final approval. Pertinent updates to the agreement include:

- The reimbursement amount established in the MOA will be updated, based on the Port District's actual costs, every four years instead of five.
- The draft agreement is proposed to have no expiration date.

California Marine Affairs and Navigation Conference (CMANC) – Fall Meeting

The CMANC Fall meeting will be held in Santa Cruz on September 11 – 13, 2024. Chairman Reed is scheduled to provide a welcome address to attendees on behalf of the Santa Cruz Port District.

National Lighthouse Day

In celebration of National Lighthouse Day, which occurred on August 7, 2024, the Port District hosted a social media raffle and awarded one lucky winner with a free, 30-minute tour inside the Walton Lighthouse. Participants were invited to post a photo and share a memorable story of the Walton Lighthouse to gain entry into the raffle. In total, 23 entries were received.

Senate Bill 644 – Reservation Cancellation

In October 2023, SB 644 was signed into law and mandates that hotel and short-term rentals in California allow cancellations without penalty within 24 hours of reservation confirmation if the reservation was made at least 72 hours before check-in. Staff has researched provisions of the new law and confirmed that it does not pertain to RV sites, camping cabins, yurts, tents, or other accommodations that are not "dwellings." The Port District's current RV Park cancellation policy requires no amendments as a result of SB 644's passage.



TO: Port Commission
FROM: Blake Anderson, Harbormaster
DATE: August 16, 2024
SUBJECT: Harbormaster's Report

Active Shooter Training

Harbor Patrol participated in the 2024 Active Shooter and Casualty Care Response Training on July 20, 2024. The course was held at the Aptos Branch Library and hosted by the Santa Cruz County Sheriff's Office. Topics included tactical response to an active shooter, trauma care, and coordination with Emergency Medical Services. Officers are taught how to treat gunshot wounds with an emphasis on bleeding control.

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

The Santa Cruz Yacht Club hosted the 32nd Annual Day on the Bay Regatta benefiting BBBS on August 11, 2024. The event was reported to be a success with excellent weather and a record forty vessel entries. An estimated \$30,000 was raised to benefit local youth programs.



Anchovies

Anchovies have returned to the nearshore waters in abundance and fishers have been reporting large schools between Santa Cruz and Aptos. Recently, a school of fish occupied the area directly in front of the harbor and began to enter, but quickly retreated. Staff has noticed that the fish this year are full-grown adults, which is a departure from last year when we had medium-sized fish in the area. Staff will continue to monitor the schools and deploy the aerators when necessary.

Fuel Dock Upgrades

The fuel dock was closed on Thursday, August 8, 2024, while contractors performed an upgrade to the electronic payment terminal. The upgrade was necessary as part of our Payment Card Industry (PCI) compliance, which is a set of requirements that businesses must follow to ensure the security of credit card data. Staff is also working with our primary fuel dock contractor on other improvements, including electrical upgrades and improved fuel lines, to ensure the reliability of our fuel delivery system.

Fisheries Report

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

July 2024 – Total Port Landings:

| Species | Weight (lbs.) | Ex-Vessel (per lbs.) | Approx. Value |
|----------------------|---------------|----------------------|---------------|
| CA Halibut | 16,895.01 | \$4.25 | \$71,801.36 |
| Sablefish (Blackcod) | 2,096.50 | \$2.75 | \$5,781.45 |
| Lingcod | 81.00 | \$3.25 | \$263.38 |
| Rockfish (various) | 8,058.00 | \$1.77 | \$14,306.00 |

Total Reported: 27,130.51 lbs. Total Ex-Vessel: \$92,152.19

Species also landed* - Rock Crab, Pacific Mackerel, Jack Mackerel, Sardine, Northern Anchovy, Pacific Herring, Pacific Pompano, Northern Anchovy, Thresher Shark, Jacksmelt, Petrale Sole

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

July 2024 – Resident Buyer Landings:

| Species | Weight (lbs.) | Ex-Vessel (per lbs.) | Approx. Value |
|----------------------|---------------|----------------------|---------------|
| Rock Crab | 2,491.00 | \$3.00 | \$7,473.00 |
| Rockfish (various) | 5,553.80 | \$2.50 | \$13,884.50 |
| CA Halibut | 3,621.74 | \$4.25 | \$15,392.39 |
| Sablefish (Blackcod) | 2,050.50 | \$3.00 | \$6,151.50 |
| Lingcod | 40.50 | \$3.00 | \$121.50 |
| Petrable Sole | 7.50 | \$2.00 | \$15.00 |

Total Reported: 13,765.04 lbs. Total Ex-Vessel \$43,037.89

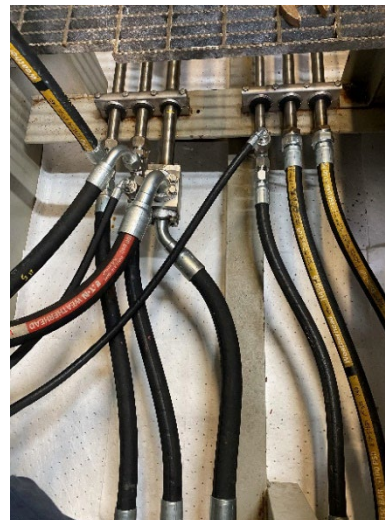
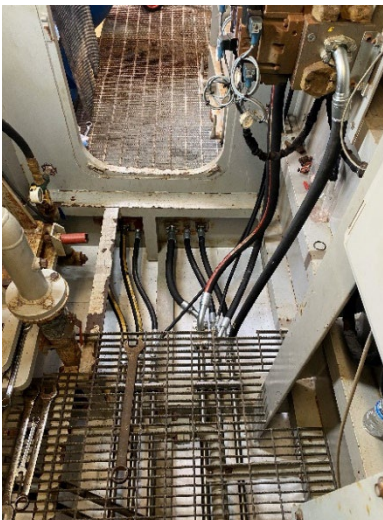
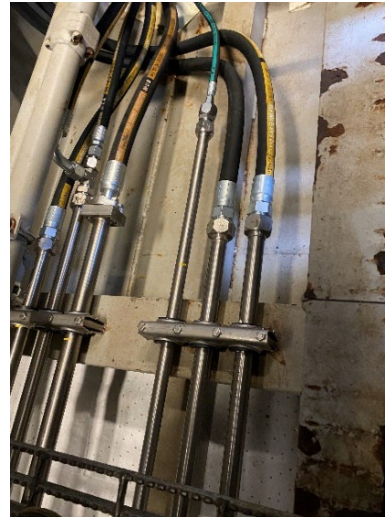


TO: Port Commission
FROM: Carl Wulf, Facilities Maintenance & Engineering Manager
DATE: August 27, 2024
SUBJECT: Facilities Maintenance & Engineering Manager's Report

Dredging Operations:

Twin Lakes

The dredge crew continues to work on *Twin Lakes* off-season maintenance. The remaining black steel hydraulic lines were replaced with stainless steel tubes in the engine room and the space was thoroughly cleaned and prepared for the 2024-25 dredge season, which was one of their largest maintenance projects this year.



Maintenance:

D-Dock Restroom Roof

Maintenance staff have determined that the D-Dock restroom and shower facility roof is in need of immediate replacement. Informal bids were solicited for the project. Pio's Roofing of Salinas submitted the lowest bid in the amount of \$14,350. Pio's Roofing is available to perform the work before the rainy season begins. Adequate funding for this project is available in the Capital Improvement Program Buildings fund.

Dredge Discharge Pipe

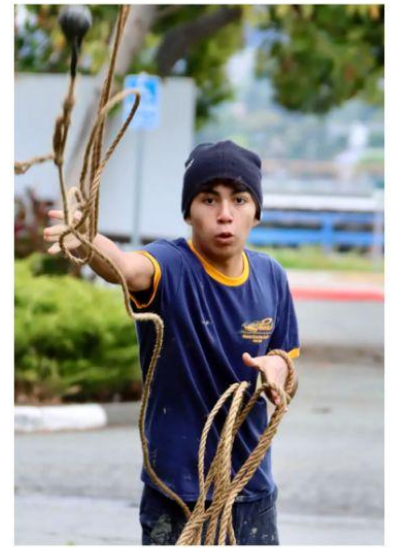
The dredge crew completed the work to repair the steel section of the discharge pipe exiting the valve box located on Harbor Beach. This involved excavation and removal of the damaged pipe and the installation of the new section. The City of Santa Cruz's Storm Water Management Program (SWMP), and their department manager Rome Norman, assisted with this project by sharing their department's mobile camera which allowed for the inspection of the existing line going eastward.

Harbor Storm Drain System

SWMP is also assisting the Port District in performing maintenance on the harbor's storm drain system. City crews are scheduled to vacuum out the storm drain inlet boxes throughout the harbor on September 16, 2024.

Transformer Project

The Port District's contractor, Anderson Pacific, has begun utility potholing to identify the location and elevation of the underground utilities. To date, the Port District has received five submittals and has not received any RFI's for the project.



Sea Scout Promise

As a Sea Scout, I promise to do my best.

To guard against water accidents.

To know the location and proper use of the lifesaving devices on every boat I board.

To be prepared to render aid to those in need.

To let those less able come first.

Santa Cruz Sea Scouts Ship 669 Bi-Annual Report

April - August 2024



Greetings Santa Cruz Port District,

As the newly appointed Skipper of Santa Cruz Sea Scouts Ship 669, I am pleased to share the following report on our activities from April to August 2024.

Program Overview The Santa Cruz Sea Scouts have 34 registered Scouts with 28 regularly active scouts. The number of active scouts has increased by 2 since our March 2024 update. 25% of our scouts are female. Our fundraising for scholarship funds has allowed us to waive dues for 2 scouts, to cover events costs for those scouts, and to pay for a full 10 days of summer cruise for a scout.

Our program is designed to develop young leaders aged 14-21 through marine-based skills instruction, adventure, community service, and youth-driven initiatives.

Partners Two of our scouts and four of our adult parents and leaders are active members of the USCG Auxiliary Flotilla 06-10, and two are joining Flotilla 06-07, and we have strong relations with Flotilla 06-04 in Monterey.

Advancement Throughout the year, all of the Santa Cruz Sea Scouts train and demonstrate knowledge of Sea Scout skills by following the Sea Scout Rank Advancement progression. 3 of our Scouts are on their way to achieve the highest sea scout rank of Quartermaster, equivalent to Eagle Scout. The Quartermaster rank is a significant achievement; there are only 40-50 Quartermaster scouts awarded nationally per year.

Skill Building and Sea Scout Regattas This past spring, our work was focused on practicing and competing in Sea Scout Regattas. Regattas are multi-day events where Sea Scout Ships from across the region gather to compete in maritime related skills such as piloting, mariner quizzes, rope mending, drill, heaving line, rope climbing, boatswain's chair, and many more skills. Our scouts are mostly self-taught and practice 1-2 times/week in the spring. We competed in 3 weekend regattas this year. At the Ancient Mariners Regatta, hundreds of Sea Scouts representing 18 ships gathered at Cal Maritime Academy in Vallejo. Our scouts placed first in Rope Climb, Ship Swim, Mystery Event (Team Building/Communication) and Marlinspike (rope mending). We were top five in about half of the other events.

Community Service and Workdays This spring and summer we did as most boat owners do and worked on our boats: our 38-foot DeFever Trawler - Pearls, and the Redline, a 22-foot Ranger Sailboat. The Pearls was hauled out and thru-hulls were replaced and bottom coat applied. We are still trying to get our Ranger sailboat ready to sail. Unfortunately, the Pearls is out of commission for major engine work. In the 8 scheduled workdays we hosted, our scouts worked side by side with marine electrician Alfredo, worked with Steve Phillips on a variety of tasks, with Micky Podorson on wood repairs and lettering, and Sea Scout Adults on fiberglassing and many more improvements.

Our scouts participated in 6 community service project workdays at the Boys & Girls Club, local school gardens and at Pigeon Point's National Maritime Day.

Adventure and Long Cruises Highlighted excursions during this reporting period of April to August include:

- 18 Scouts planned and participated in a 6 Day Spring Break Cruise from Santa Cruz to Alameda, Angel Island, Richmond and Tiburon
- 6 Scouts attended Camp Emerald Bay on Catalina Island. 4 scouts were SCUBA Certified, 1 scout completed Advanced Rescue Diver, and 3 others completed a sailing Merit Badge. Our ship's skipper won the belly flop contest!
- Since our Trawler is under repair, our Summer Cruise plans quickly shifted to join the Albatross Ship from Martinez. 17 Scouts joined three other ships for a 10 day flotilla cruise up the San Joaquin river delta.

We continue to seek volunteers to help get our sailing program established.

We invite the port community members to attend our 3rd annual fundraising dinner on Sunday, November 3rd. Invitation to follow.

As always, without your continued support of Santa Cruz Sea Scouts we would not be able to provide this program for our youth. The growth in our membership and continued interest show the need to continue this program for the benefit of our community.

Thank you for your ongoing support.

Sincerely, John Fisher - Skipper, Santa Cruz Sea Scouts Ship 669



Skill Building & Regattas

We practiced weekly and then competed in 3 overnight regatta events, where ships from across the west test their mariner skills. At the biggest western regatta we placed first in Marlinspike (rope mending), Ship Swim, Rope Climb & Mystery Event. We placed top five in half of the other events.



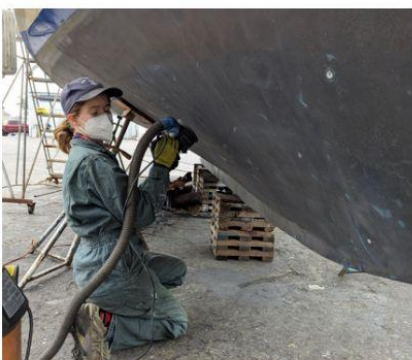


More Skill Building and Regattas





**Community Service
& Workdays**
6 Service Days at Boys &
Girls Club, School Gardens,
& More. 8+ Vessel
Workdays





Spring Break Cruise

Our 38 Foot Defever
Trawler fuels adventure!
Spring Break Cruise
took us to Alameda,
Angel Island, Richmond,
Berkeley, Tiburon and
McCovey Cove.





**Camp Emerald Bay
Catalina Island**
 4 Open Water Certified Divers
 1 Advanced Rescue Diver
 3 Sailing Merit Badges
 Mile War Canoe Paddle Overnight
 Fun!



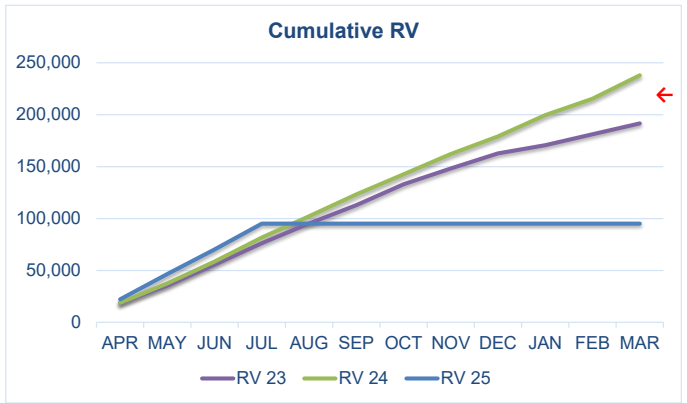
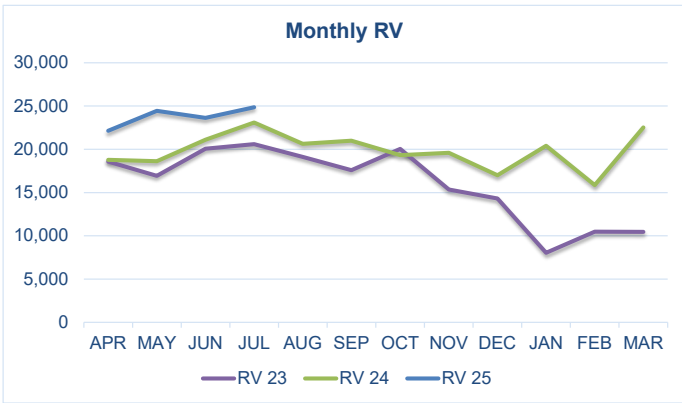
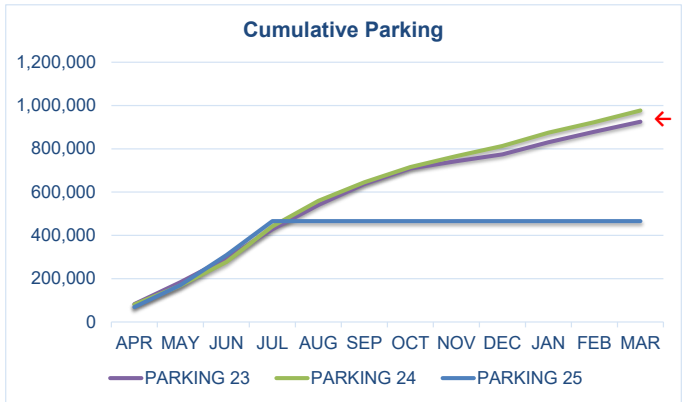
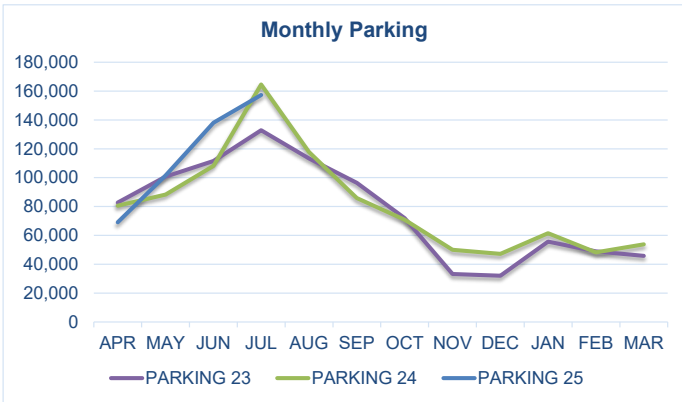
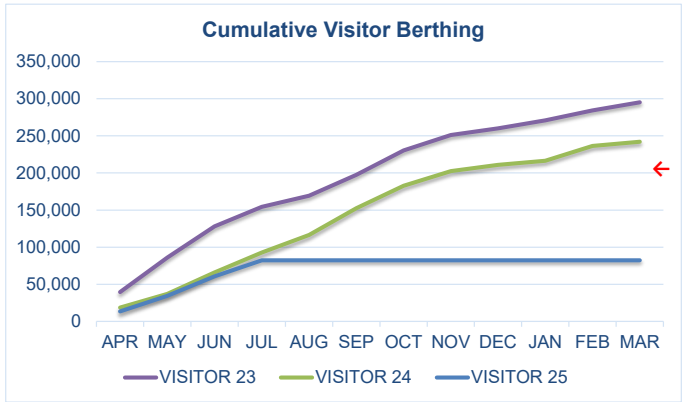
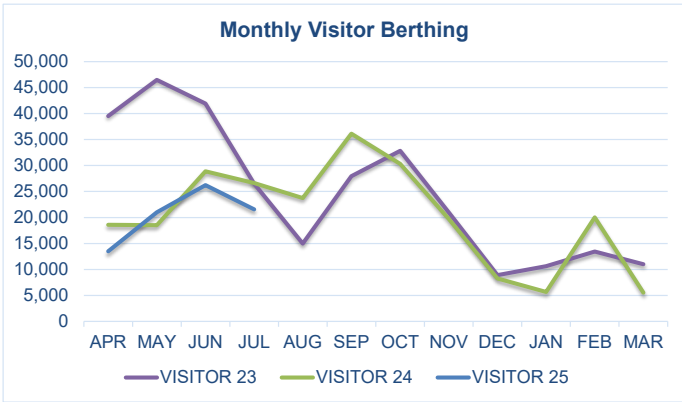
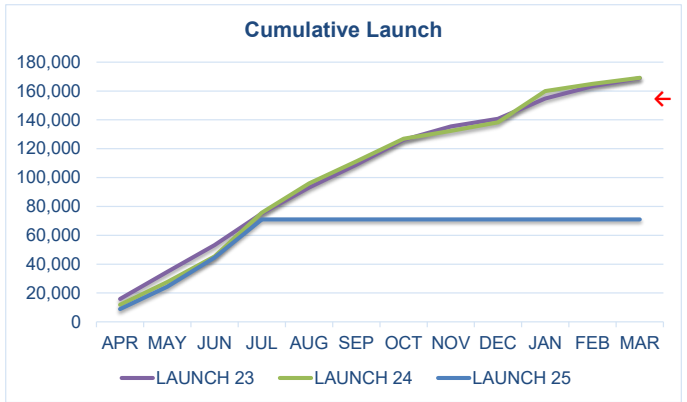
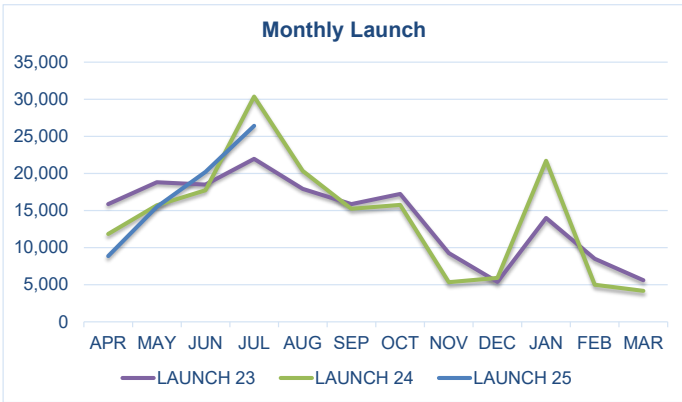


Summer Cruise
With the Pearls under repair
we joined the Martinez
Albatross & Alameda's Sea
Fox for 11 days of cruising from
Martinez to Lodi and back.



Santa Cruz Port District
SEASONAL INCOME
 For the Four Months Ending July 31, 2024

FY25 Budget ←



California State Treasurer
Fiona Ma, CPA



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

August 02, 2024

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

SANTA CRUZ PORT DISTRICT

PORT DIRECTOR
 135 5TH AVENUE
 SANTA CRUZ, CA 95062

[Tran Type Definitions](#)

Account Number:

July 2024 Statement

| Effective Date | Transaction Date | Tran Type | Confirm Number | Web Confirm Number | Authorized Caller | Amount |
|----------------|------------------|-----------|----------------|--------------------|-------------------|----------|
| 7/15/2024 | 7/12/2024 | QRD | 1756362 | N/A | SYSTEM | 3,329.61 |

Account Summary

| | | | |
|-------------------|----------|--------------------|------------|
| Total Deposit: | 3,329.61 | Beginning Balance: | 295,100.58 |
| Total Withdrawal: | 0.00 | Ending Balance: | 298,430.19 |



Summary Statement

July 31, 2024

Page 1 of 3

Investor ID:

0000072-0000295 PDF 676171

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

California CLASS

California CLASS

Average Monthly Yield: 5.4207%

| | Beginning Balance | Contributions | Withdrawals | Income Earned | Income Earned YTD | Average Daily Balance | Month End Balance |
|--------------------|----------------------|-------------------|-------------------|------------------|-------------------|-----------------------|----------------------|
| Port District Main | 17,516,716.61 | 400,000.00 | 950,000.00 | 81,452.38 | 567,144.10 | 17,693,537.65 | 17,048,168.99 |
| TOTAL | 17,516,716.61 | 400,000.00 | 950,000.00 | 81,452.38 | 567,144.10 | 17,693,537.65 | 17,048,168.99 |



Port District Main

Account Summary

Average Monthly Yield: 5.4207%

| | Beginning Balance | Contributions | Withdrawals | Income Earned | Income Earned YTD | Average Daily Balance | Month End Balance |
|------------------|-------------------|---------------|-------------|---------------|-------------------|-----------------------|-------------------|
| California CLASS | 17,516,716.61 | 400,000.00 | 950,000.00 | 81,452.38 | 567,144.10 | 17,693,537.65 | 17,048,168.99 |

Transaction Activity

| Transaction Date | Transaction Description | Contributions | Withdrawals | Balance | Transaction Number |
|------------------|------------------------------|---------------|-------------|---------------|--------------------|
| 07/01/2024 | Beginning Balance | | | 17,516,716.61 | |
| 07/02/2024 | Contribution | 400,000.00 | | | 5389 |
| 07/24/2024 | Withdrawal | | 450,000.00 | | 5507 |
| 07/26/2024 | Withdrawal | | 500,000.00 | | 5533 |
| 07/31/2024 | Income Dividend Reinvestment | 81,452.38 | | | |
| 07/31/2024 | Ending Balance | | | 17,048,168.99 | |



California CLASS

California CLASS

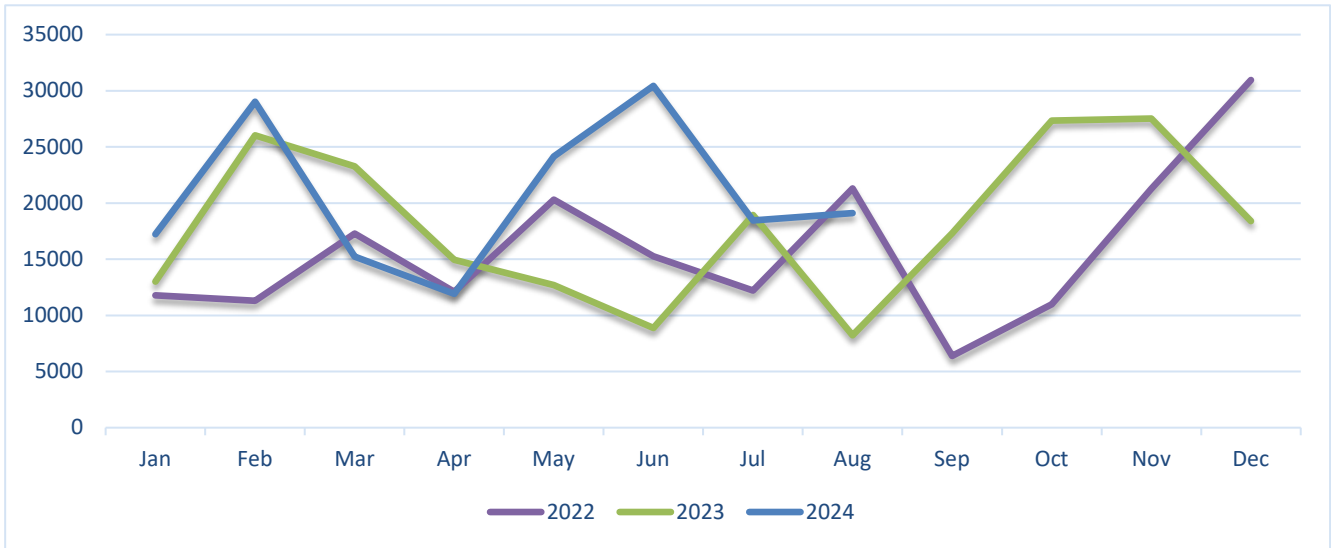
| Date | Dividend Rate | Daily Yield |
|------------|---------------|-------------|
| 07/01/2024 | 0.000147285 | 5.3908% |
| 07/02/2024 | 0.000147768 | 5.4083% |
| 07/03/2024 | 0.000295448 | 5.4067% |
| 07/04/2024 | 0.000000000 | 5.4067% |
| 07/05/2024 | 0.000442734 | 5.4014% |
| 07/06/2024 | 0.000000000 | 5.4014% |
| 07/07/2024 | 0.000000000 | 5.4014% |
| 07/08/2024 | 0.000147512 | 5.3989% |
| 07/09/2024 | 0.000147649 | 5.4040% |
| 07/10/2024 | 0.000148072 | 5.4194% |
| 07/11/2024 | 0.000148209 | 5.4245% |
| 07/12/2024 | 0.000443817 | 5.4146% |
| 07/13/2024 | 0.000000000 | 5.4146% |
| 07/14/2024 | 0.000000000 | 5.4146% |
| 07/15/2024 | 0.000148120 | 5.4212% |
| 07/16/2024 | 0.000148143 | 5.4220% |
| 07/17/2024 | 0.000148313 | 5.4283% |
| 07/18/2024 | 0.000148328 | 5.4288% |
| 07/19/2024 | 0.000444639 | 5.4246% |
| 07/20/2024 | 0.000000000 | 5.4246% |
| 07/21/2024 | 0.000000000 | 5.4246% |
| 07/22/2024 | 0.000148299 | 5.4278% |
| 07/23/2024 | 0.000148226 | 5.4251% |
| 07/24/2024 | 0.000148531 | 5.4363% |
| 07/25/2024 | 0.000148549 | 5.4369% |
| 07/26/2024 | 0.000445962 | 5.4407% |
| 07/27/2024 | 0.000000000 | 5.4407% |
| 07/28/2024 | 0.000000000 | 5.4407% |
| 07/29/2024 | 0.000148736 | 5.4437% |
| 07/30/2024 | 0.000148489 | 5.4347% |
| 07/31/2024 | 0.000148490 | 5.4348% |

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

Santa Cruz Port District
60 DAY DELINQUENT ACCOUNTS

The following accounts have balances 60 days delinquent as of August 15, 2024

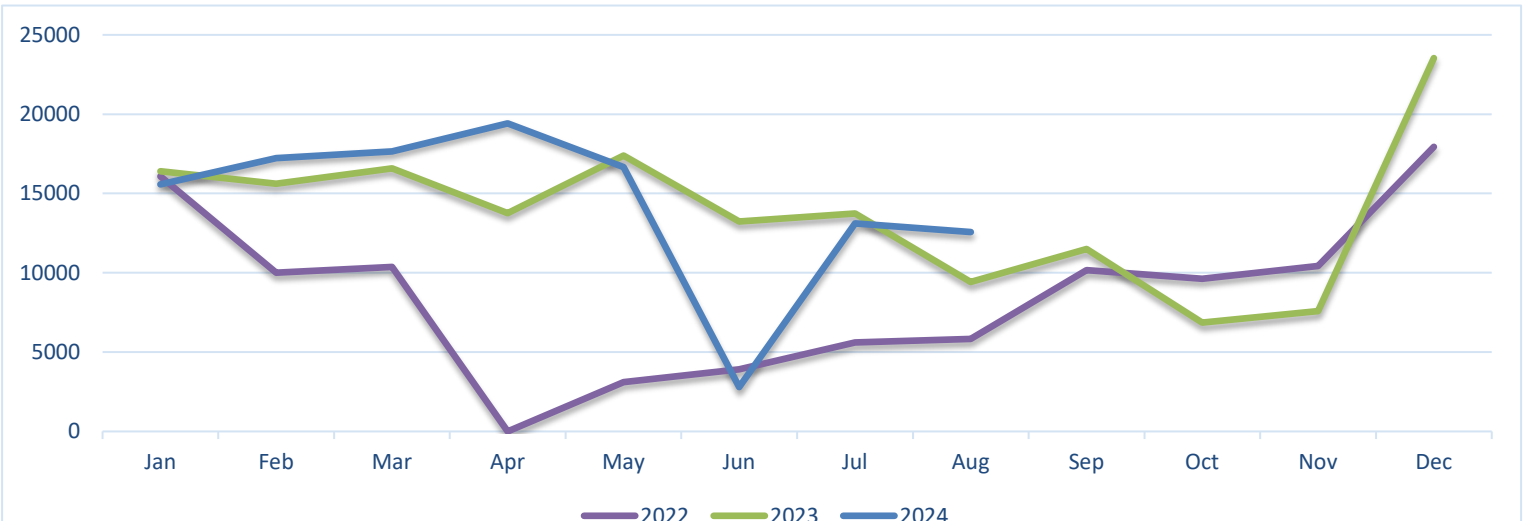
| Account Number | Current Month | 30 Day Balance | 60 Day Balance | 90 Day Balance | Total Balance |
|----------------|--------------------|--------------------|--------------------|----------------|---------------------|
| 4076 | 2,001.79 | 2,001.53 | 624.66 | 0.00 | 4,627.98 |
| 55526 | 1,157.85 | 1,148.57 | 1,141.90 | 0.00 | 3,448.32 |
| 57057 | 1,346.98 | 1,266.67 | 704.02 | 0.00 | 3,317.67 |
| 56970 | 548.47 | 544.18 | 514.89 | 0.00 | 1,607.54 |
| 55852 | 560.03 | 710.82 | 5.40 | 0.00 | 1,276.25 |
| 2093 | 528.55 | 524.44 | 93.19 | 0.00 | 1,146.18 |
| 57924 | 385.66 | 382.71 | 354.75 | 0.00 | 1,123.12 |
| 58496 | 312.01 | 298.71 | 29.10 | 0.00 | 639.82 |
| 57927 | 165.67 | 164.51 | 138.36 | 0.00 | 468.54 |
| 58296 | 165.67 | 164.51 | 138.36 | 0.00 | 468.54 |
| 44008 | 98.85 | 98.25 | 72.64 | 0.00 | 269.74 |
| 48170 | 91.11 | 90.57 | 65.03 | 0.00 | 246.71 |
| 57229 | 91.11 | 90.57 | 65.03 | 0.00 | 246.71 |
| 59180 | 98.39 | 97.78 | 16.84 | 0.00 | 213.01 |
| Total | \$ 7,552.14 | \$ 7,583.82 | \$ 3,964.17 | \$ - | \$ 19,100.13 |



Santa Cruz Port District
90+ DAY DELINQUENT ACCOUNTS

The following accounts have balances 90 days delinquent or greater as of August 15, 2024

| Account Number | Current Month | 30 Day Balance | 60 Day Balance | 90+ Day Balance | Total Balance | Commercial Slip | Action |
|----------------|--------------------|--------------------|--------------------|--------------------|---------------------|-----------------|----------|
| 55834 | 1,164.37 | 1,156.76 | 1,180.90 | 349.12 | 3,851.15 | | Revoke |
| 3375 | 548.73 | 582.17 | 369.56 | 765.29 | 2,265.75 | | Revoke |
| 47895 | 38.00 | 144.20 | 621.20 | 1,204.40 | 2,007.80 | | Bad Debt |
| 47248 | 486.25 | 482.50 | 478.75 | 450.00 | 1,897.50 | | Revoke |
| 3094 | 444.92 | 447.03 | 473.60 | 127.74 | 1,493.29 | | Revoke |
| 59934 | - | 100.22 | 99.78 | 223.32 | 423.32 | | Bad Debt |
| 60103 | - | - | - | 422.65 | 422.65 | | Bad Debt |
| 58302 | 69.16 | 69.16 | 69.16 | 7.48 | 214.96 | | Revoke |
| Total | \$ 2,751.43 | \$ 2,982.04 | \$ 3,292.95 | \$ 3,550.00 | \$ 12,576.42 | | |





TO: Port Commission
FROM: Sean Rothwell, Assistant Harbormaster
DATE: August 1, 2024
SUBJECT: Harbor Patrol Incident Response Report – July 2024

Search and Rescue, Patrol Boat Response

- 7/4/24 Harbor Patrol responded to a report of a disabled vessel in the area of the harbor entrance. Upon arrival, Harbor Patrol contacted the operator and determined that the vessel had lost power. Harbor Patrol towed the vessel back into the harbor.
- 7/5/24 Harbor Patrol responded to a report of a disabled vessel in the area of Seabright Beach. Upon arrival, Harbor Patrol contacted the operator and determined that the vessel had lost power. Harbor Patrol towed the vessel back into the harbor.
- 7/5/24 Harbor Patrol responded to a report of a kayaker in distress in the area of Sunny Cove Beach. Upon arrival, Harbor Patrol conducted a search of the area. No signs of distress were found. Harbor Patrol returned to the harbor without incident.
- 7/6/24 Harbor Patrol responded to a report of a missing juvenile in the area of Manresa State Beach. Prior to arrival, the juvenile was located safely on the shore. Harbor Patrol returned to the harbor without incident.
- 7/6/24 Harbor Patrol responded to a report of multiple swimmers in distress in the area of 18th Avenue. Upon arrival, two victims were assisted to shore by Central Fire rescue swimmers. Harbor Patrol located one victim in the water and brought them onboard the patrol boat. Harbor Patrol transported the victim to the harbor where they were evaluated by paramedics.
- 7/7/24 Harbor Patrol responded to a report of a surfer in distress in the area of Steamer Lane. Prior to arrival, the surfer self-rescued. Harbor Patrol returned to the harbor without incident.
- 7/15/24 Harbor Patrol responded to a report of a kite surfer in distress in the area of Delaware Avenue. Prior to arrival, the kite surfer self-rescued. Harbor Patrol returned to the harbor without incident.
- 7/16/24 Harbor Patrol responded to a report of a cliff rescue in the area of Woodrow Avenue. Upon arrival, State Parks Lifeguards brought two victims onboard the patrol vessel and administered CPR during transport back to the harbor. Despite continued resuscitation efforts, both victims succumbed to their injuries. The case was turned over to the Coroner's office.
- 7/17/24 Harbor Patrol responded to a report of multiple surfers in distress in the area of 36th Avenue. Upon arrival, Central Fire rescue swimmers brought one victim on board the

patrol boat and the other two victims self-rescued. Harbor Patrol transported the victim to the harbor. No injuries reported.

- 7/23/24 Harbor Patrol responded to a report of a swimmer in distress in the area of Swanton Boulevard. Prior to arrival, the swimmer self-rescued. Harbor Patrol returned to the harbor without incident.
- 7/29/24 Harbor Patrol and U.S. Coast Guard responded to a report of a surfer in distress in the area of Moran Lake Beach. Upon arrival, Harbor Patrol conducted a search of the area on the patrol boat, while the Coast Guard conducted an aerial search. No signs of distress were found.
- 7/30/24 Harbor Patrol responded to a report of a paddleboarder in distress in the area of Sunny Cove Beach. Upon arrival, the paddleboarder indicated that they were not in distress. Harbor Patrol returned to the harbor without incident.

Crime Reports, Assist Outside Department, and Incident Reports

- 7/3/24 Harbor Patrol took an accident report after a minor vessel collision occurred in the area of J-Dock. Harbor Patrol facilitated the exchange of information. No injuries reported.
- 7/4/24 Harbor Patrol took a hit-and-run report after a vessel collided with another vessel in the water in the area of the launch ramp and fled the scene. Suspect information was obtained from surveillance footage. Investigation is ongoing.
- 7/5/24 Harbor Patrol took a vandalism report after a slip renter discovered that throttle cables were cut and three personal flotation devices were missing from a sailboat in the area of J-Dock. No suspect information available.
- 7/6/24 At the request of the Santa Cruz County Sheriff's Office, Harbor Patrol responded to a report of an assault involving two victims in the area of 7th Avenue and Rodriguez Street. Upon arrival, Harbor Patrol was directed to administer first aid to one of the victims suffering from a possible head injury and stab wound until paramedics arrived and transported the victim to Dominican Hospital by ambulance. Harbor Patrol remained on scene, securing the area, until relieved of duty by the Sheriff's Department.
- 7/7/24 Harbor Patrol responded to a report of a vessel taking on water in the area of I-Dock. Harbor Patrol dewatered the vessel and contacted the owner. The vessel was subsequently towed to the launch ramp and hauled out by the owner. No hazmat response required.
- 7/8/24 Harbor Patrol responded to a report of a subject who tripped and fell in the area of the concession parking lot. Harbor Patrol evaluated the subject until paramedics arrived on scene. Medical attention was declined, and the subject was released into the care of a friend.

- 7/15/24 Harbor Patrol responded to a report of a medical emergency at a harbor restaurant after a patron lost consciousness. Upon arrival, Harbor Patrol evaluated the subject, who had a known history of low blood pressure, until paramedics arrived on scene and transported the subject to Dominican Hospital for further evaluation.
- 7/24/24 Harbor Patrol took an accident report after a vehicle collided with a bicyclist in the area of 7th Avenue and Brommer Street. Upon arrival, California Highway Patrol was interviewing the subject driving the vehicle and paramedics were assisting the bicyclist. The victim was transported to Dominican Hospital for minor injuries.
- 7/26/24 At the request of the Capitola Police Department, Harbor Patrol responded to a report of three suspects resisting arrest at a harbor adjacent business in the area of Murray Street and Seabright Avenue. Upon arrival, Harbor Patrol assisted in taking the subjects into custody.
- 7/29/24 Harbor Patrol responded to a report of a physical altercation in the area of S-dock. Upon arrival, both parties had left the scene. Suspect information was obtained from an eyewitness and surveillance footage. The case was turned over to the Santa Cruz Police Department.
- 7/30/24 Harbor Patrol took a stolen property report after an electric bicycle was reported missing from the bike rack located near 2218 East Cliff Drive. No suspect information available.

Parking Citations:

July 2024 Parking Citations: 423
July 2023 Parking Citations: 565

Santa Cruz Port District Port Commission Review Calendar / Follow-Up Items 2024-25

2024

January-March

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

April-June

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

July-September

- ✓ Annual O'Neill Sea Odyssey Report (annual review of slip rent reduction. PC action Jul-07)
- Sea Scouts' Biannual Report
- Dredge Report 2023-24

October-December

- Mid Fiscal Year Review of CIP
- Review of CalPERS Actuarial Valuation Report
- Annual Vessel Use List Review
- H&H Fresh Fish Lease Exp. 1/31/2025
- Ethics Training Update (due by year-end)
- Port Commission Officers for 2024

2025

January-March

- Committee Assignments for 2025
- Annual Review of Business Use of Slips 2024
- Annual Review of Slip Vacancy / Waiting List Statistics 2024
- Sea Scouts' Biannual Report
- FY 26 Budget
- Review 5-year CIP
- Form 700 Filing (due by 3/31 each year)
- Biennial Anti-Harassment/Anti-Discrimination Training

April-June

- Crow's Nest / Java Junction Rent Review at Option Period Ending 4/30/2025
1 (5) year option to extend
- Dredge Report 2024-25

July-September

- Annual O'Neill Sea Odyssey Report (annual review of slip rent reduction. PC action Jul-07)
- Sea Scouts' Biannual Report

October-December

- Mid Fiscal Year Review of CIP
- Beacon Pointe Advisors Lease Exp. 11/30/2025
- Review of CalPERS Actuarial Valuation Report
- Annual Vessel Use List Review
- Ethics Training Update (due by year-end)
- Port Commission Officers for 2025

Committee Review Items

- ✓ Review of Proposal to Purchase a Floating Barge

Future Calendar

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

Key

- Pending
- In process
- ✓ Done

Updated 8/21/2024