

**SANTA CRUZ PORT DISTRICT
FISCAL YEAR 12 BUDGET REPORT**

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BUDGET MESSAGE

Honorable Chairman and Members of the Port Commission:

I am pleased to transmit to you the Santa Cruz Port District's draft FY12 budget report for your review and consideration. The budget report that follows is part of our ongoing effort to communicate to you and to our customers, the public and other agencies how the Port District's financial resources are being managed, and our plans for the upcoming fiscal year. It is a first step toward updating our accounting systems and streamlining our financial reporting processes. It is certainly a work in progress, and will continue to evolve to meet future needs.

Development of the FY12 budget was guided by the Port District Mission Statement and the Port Director's Goals and Objectives (November 2010). The budget aims to shift focus to addressing long-term capital needs, updating the technology used in marina management, and providing harbor staff with the tools and support they need to meet service level expectations.

The draft budget funds current programs and services within revenue projections that are essentially the same as the previous fiscal year. Modest increases are projected in concession income (rents), which are adjusted each fiscal year in accordance with the San Francisco-Oakland-San Jose Consumer Price Index (CPI)¹, in fees for services, and to reflect a portion of projected increases in FY11 revenues. An important initiative we will undertake during FY12 is to conduct a detailed analysis of the Port District's costs for other services we provide, and to make recommendations to the Port Commission for fee adjustments.

The Port District has been self-supporting since 1993 when the remaining vestiges of property tax revenues were diverted to City and County libraries. The County has contributed between \$25,000 and \$35,000 each year to partially fund marine rescue services provided by the Harbor Patrol. The FY12 budget includes \$25,000 in revenues from the County.

Accomplishments and Highlights of Previous Year

FY 11 started on a positive note with the return of commercial and recreational salmon fishing. The commercial fleet was limited to only eight days of fishing, while recreational fisherman enjoyed more liberal rules and a season that extended from May 1 to September 6. Launch and parking-related revenues during that period exceeded projections by over \$11,000. The California Department of Fish and Game (CDFG) has announced that recreational salmon fishing may open during April 2011, but that the commercial salmon season will not open prior to May 1, 2011.

¹ The US Department of Labor Statistics announced on January 14, 2011, that the San Francisco-Oakland-San Jose area CPI for 2010 increased by 1.5%.

BUDGET MESSAGE

Rockfish and crab fishing seasons were also more productive in 2010 than in prior years, with both harbor businesses and Port District revenues benefiting. CDFG expects to open grounds to rockfish anglers May 1st, and to lingcod anglers as early as March 1st.

The popularity of stand-up paddleboards (SUP), along with kayaks and rowing shells, continued to rise. As local businesses offered more choices in low-cost equipment and instruction, the harbor saw steady increases in on-the-water traffic, and occasional conflicts between novice paddlers and vessel traffic. In 2010, the US Coast Guard (USCG) issued a notice defining SUPs as "vessels," requiring the use of personal flotation devices (PFDs), and that paddlers observe the rules of the road. The Harbor Patrol and the Coast Guard Auxiliary will continue their efforts to educate paddlers and rowers about safety and rights of way in 2011.

In July 2010, the Port District took over management and operation of the fuel dock. The operation had become unprofitable, resulting in severely limited operating hours and prices that had caused larger commercial vessels to transit to Moss Landing Harbor to purchase fuel. The Port Commission approved the take-over with the goal of making the operation self-sufficient. An initial capital outlay of approximately \$26,000 was needed for equipment repairs and upgrades, including new nozzles and registers, a self-serve pay station and "Fuelmaster" system software. Part-time fuel dock attendants were hired to assist customers and to ensure that pollution prevention practices were observed during fueling. The Harbormaster monitored and adjusted prices at the pump, which ranged from \$3.40 to \$3.55 per gallon for diesel (commercial vessels received a discount of \$0.15 per gallon for diesel), and \$3.79 per gallon for unleaded (price did not change in 2010). In the first six months of operation, the fuel dock broke even on operating expenses. The fueling operation is presented in the FY 12 budget as a separate enterprise under "Fuel Services" in the Operations Department.

The Maintenance Department completed several key projects throughout the harbor. These included the reconstruction of 'G' dock, repairs to the roof of 2222 East Cliff Drive (O'Neill Building), slurry sealing of the west side parking lot (Aldo's, Santa Cruz Yacht Club hoist and A-D dock areas), installation of the new parking pay station near the fishery pier, replacement of several gangways, and a variety of landscaping upgrades. Other work completed around the harbor included replacement of worn and cracked tiles in the compass rose at Joseph G. Townsend Maritime Plaza with new, handcrafted tiles, inspections of structural members under south harbor docks to prioritize future construction projects, and inventory of tools and parts.

BUDGET MESSAGE

The 2010 election, in which two incumbent Port Commissioners ran unopposed, saved the Port District approximately \$172,000 in election fees that would have been payable to the County. The Port Commission acted swiftly to allocate \$60,000 of the avoided election costs to funding important capital improvement efforts in FY 11 and beyond. One effort involves the development of a 5-year Capital Improvement Plan to guide future capital budget decisions. Work on this plan is getting underway in early 2011 with a stem to stern inspection of the harbor's infrastructure and an updated inventory of its facilities, equipment, tools and other resources.

Opportunities

The announcement that the America's Cup 2013 challenge will be held in San Francisco is good news for the harbor. The event, with its traditional ramp-up in activities, is expected to generate new interest in sailing throughout the Bay Area and Central Coast. The event will coincide with commencement of the Harbor's 50th Anniversary celebration, which is planned to last an entire year, culminating with a rededication of the harbor on its anniversary date of April 18, 2014.

Challenges

Several 50-year old sanitary sewer lift stations located throughout the harbor have become increasingly costly to maintain. The FY12 budget includes funding to inspect and prioritize lift stations for repairs, and to install improvements to the highest priority lift stations.

The harbor's dredging equipment is nearing the end of its projected useful life, and will need significant rehabilitation or replacement in the next two to three years. Replacement costs for the *Seabright* have been estimated at up to \$4 million. Funding has been included in the FY12 budget for consulting expertise to assist with prioritizing repairs, conducting ultrasound surveys of the hull to better predict its remaining lifespan, and specifying rehabilitation and/or replacement.

Staffing

Continuing to provide services at current levels within our available resources presents a difficult challenge. The average "rollup"² cost per employee is currently over 79%, and benefit costs are expected to rise again. CalPERS has informed us that the employer's contribution will increase from 26% to 29.1% of salary in 2011, and may exceed 30% in 2012. Health insurance cost increases are uncertain, but have been projected to rise by

² Rollup cost refers to payroll taxes, health insurance, worker's compensation and other employment benefits paid by the employer. It does not include employees' contributions to retirement, health insurance, income taxes or other deductions.

BUDGET MESSAGE

as much as 17%. The estimated cost of funding all current full-time equivalent (FTE) positions is nearly \$2.4 million - a net increase of 3% over FY 11 budgeted levels.

In 2010, the Port District was at the forefront of public agencies seeking to contain employment costs. The Port Commission approved a two-tiered retirement system wherein new hires would be placed in the 2% at 60 tier, while existing employees retain the 2.5% at 55 formula they have invested in.

The Port District is now in a position not unlike many other public agencies that have experienced deep cuts in human resources due to the high costs of public employment. The draft budget includes a reorganization plan that seeks to meet demands while containing personnel costs within current levels. It would accomplish that by eliminating two full-time temporary and four full-time permanent positions, adding two new full-time positions to provide administrative and engineering support, for a net loss of two full-time permanent positions.

Budget Format and Schedule

The FY 12 budget is presented in a distinctly different format than past budgets. The new format is a **program-based** budget designed to demonstrate how funding translates to services, activities or products – in other words, what our customers get for their money. Each department's budget is presented separately, and broken down into its primary program areas. The estimated levels of effort that were used to produce each program's budget and FTE count represent the departments' planned activities for FY 12.

Capital improvements planned for FY12 are described in Section 7 and are budgeted in a separate Capital Improvement Fund. Linkages between staff resources allocated to capital improvement work and Port District operations are represented in the Capital Projects activity of the Facilities Maintenance and Engineering Department on page 46.

The FY 12 budget does not include performance measures, which are a public budgeting "best practice" recommended by the State Controller's Office, California Special Districts Association (CSDA) and the Government Finance Officers Association (GFOA). Port District staff will use the first fiscal year of this new budget format to determine appropriate performance standards and measures for each program area for inclusion into a future budget document.

In preparing the budget, several policy assumptions were made that influenced fund balances, staffing levels and recommended capital improvements. Those policy assumptions have been described in Section 2 (Policy Statements), along with additional policies the Port Commission may wish to establish in the coming years.

POLICY STATEMENTS

The FY 12 budget expands the recognition of expenses to include encumbrances. Funds are shown as expenses at the time they are “encumbered” by contractual obligations, thus becoming unavailable for other expenses. Encumbering funds prevents further expenditure that would conflict with commitments already made. Encumbered funds are shown in the Fund Balance as expenditures in the fiscal year they were encumbered.

Port District finances have historically been managed and reported in accordance with Generally Accepted Accounting Principles (GAAP), and with applicable statements published by the Government Accounting Standards Board (GASB). The Port District does not have specific written policies governing how the budget was to be created or administered.

In the absence of written policies, several assumptions have been made to enable the continuing administration of the FY 11 budget and the preparation of the FY 12 budget. Those assumptions include:

1. **Balanced Budget:**

The Port District operates with a balanced budget where operating revenues are equal to or exceed operating expenditures. Imbalances to the budget that result from increased expenses, decreased revenues, or a combination of the two, will require a budget revision.

2. **Fixed Assets**

Fixed (or capital) assets are tangible items individually valued at \$5,000 or more. Examples of fixed assets would be vehicles, equipment, boats, etc. For accounting purposes, fixed assets with an estimated useful life of at least two years after acquisitions are capitalized.

3. **Capital Improvements**

Capital improvements are physical assets, constructed or installed, with a useful life of ten years or longer and a cost of \$25,000 or more. Services that ultimately result in such physical assets are also budgeted as capital improvements (e.g. engineering design, architectural services, etc.).

POLICY STATEMENTS

4. Depreciation

Depreciation is reported annually as an operating expense of approximately \$1.1 million per year. The full amount of annual depreciation has not been included in the operating budget.

5. Appropriations

Appropriation balances may be transferred from one expenditure account to another within the operating budget without Port Commission approval. Capital improvement budgets are not considered to be part of any transferable appropriation balance. Any increase in total appropriations must be approved by the Port Commission.

6. Reserves

Reserve funds are not available for use to offset any expenditures that exceed total appropriations. Reserves may only be used as approved by the Port Commission.

7. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted net assets are applied first.³

8. Staffing Levels

The total number of full-time equivalent (FTE) employees shall be approved by the Port Commission.

³ This practice is noted as a policy in the FY 09 and 10 Auditor's Report (p. 11).

POLICY STATEMENTS

Additional Policies for Future Consideration

The Port Commission may wish to consider establishing policies to guide future financial decisions. Policies that would define the Port District's strategic direction, set standards for financial management and define the limitations of the Port Director's authority would serve to streamline reporting, encourage creativity on the part of staff and increase confidence among all stakeholders.

Examples may include policies on setting and adjusting fees and other charges, establishing reserve fund and debt levels, and financial actions to undertake in emergencies.

BUDGET USERS GUIDE

General Fund (i.e. operating) revenues and expenses are presented in the Financial Summaries. FY11 Budget, Projected Actual and FY12 Proposed Budget figures are presented for comparison. Terms used in the Financial Summaries and in the program budgets that follow are defined below.

Capital Outlay - Expenses associated with acquiring capital (or "fixed") asset items individually valued at \$5,000 or more. Examples of fixed assets would be vehicles, equipment, boats, etc.

Charges for Services - Revenues received as reimbursement to the Port District for the use of staff, equipment or other resources beyond the services included with other user fees or rents. Examples may include standby of marine rescue personnel for aquatics competitions, water taxi rental and after-hours call back for fuel sales.

Debt Service - Principal and interest payments on loans.

Fines - Fines (or "bail amounts") for parking or other citations paid directly to the Port District.

Intergovernmental Revenues - Funds received by the Port District from another government agency. Examples include Small Craft Harbor loans issued by the California Department of Boating and Waterways (DBW) in the Capital Improvement program budget, contributions from the County of Santa Cruz for marine rescue services, and grants from state, federal or local government sources.

Other/Miscellaneous - Revenues shown as Other/Miscellaneous include sales of fuel, ice and merchandise, proceeds from lien sales or disposal of surplus items, etc.

Personnel Services - All costs associated with Port District staff compensation for regular and temporary employees, including payroll taxes, worker's compensation, unemployment insurance and employee benefits.

Rents - Rents encompass payments received by the Port District from its land-based tenants. Revenues are classified as either base rent, percentage rents or utility chargebacks as applicable.

Services and Supplies - Costs for all services provided to the Port District by contract or work order, utilities, insurance premiums, purchase of items not classified as fixed assets or "capital outlay," etc.

BUDGET USERS GUIDE

Transfers In/Out - Transfers between Port District funds (e.g. allocations to the Dredge Intermediate Fund may involve a transfer from the General Fund, Long Term Contingency Fund, or any combination of those and other funds).

User Fees - Fees established by the Port Commission for various uses of Port District facilities including boat slips, dry storage, RV and general parking.

Department and Program budget summaries are based on estimated levels of effort for each throughout FY12. Prior fiscal year data is not available for comparison as FY12 represents the first year the Port District has used a program-based budget. Columns are included for future data for FY12 actual, FY13 and FY14.

The proposed Capital Improvement Program is presented on pages 49 –56. Staffing and capital outlay in support of the Capital Improvement are budgeted separately in the Capital Projects section of the Facilities Maintenance and Engineering Department (page 46).

FINANCIAL SUMMARIES

GENERAL FUND BUDGET SUMMARY

**FY 12 REVENUES
BY CATEGORY**

Total All Funds

Intergovernmental	\$ 79,000
Rents	1,280,000
Charges for Services	15,600
Fines	40,000
Transfers In	100,000
User Fees	4,907,050
Other/Miscellaneous	361,750
TOTAL	\$ 6,783,400

**FY 12 EXPENDITURES
BY CATEGORY**

Personnel Services	\$3,023,542
Services & Supplies	2,291,331
Capital Outlay	32,700
Transfers Out	280,000
Debt Service	1,148,688
TOTAL	\$ 6,776,261

FY12 PROJECTED FUND BALANCE \$ 2,019,003

FINANCIAL SUMMARIES

GENERAL FUND REVENUE BUDGET

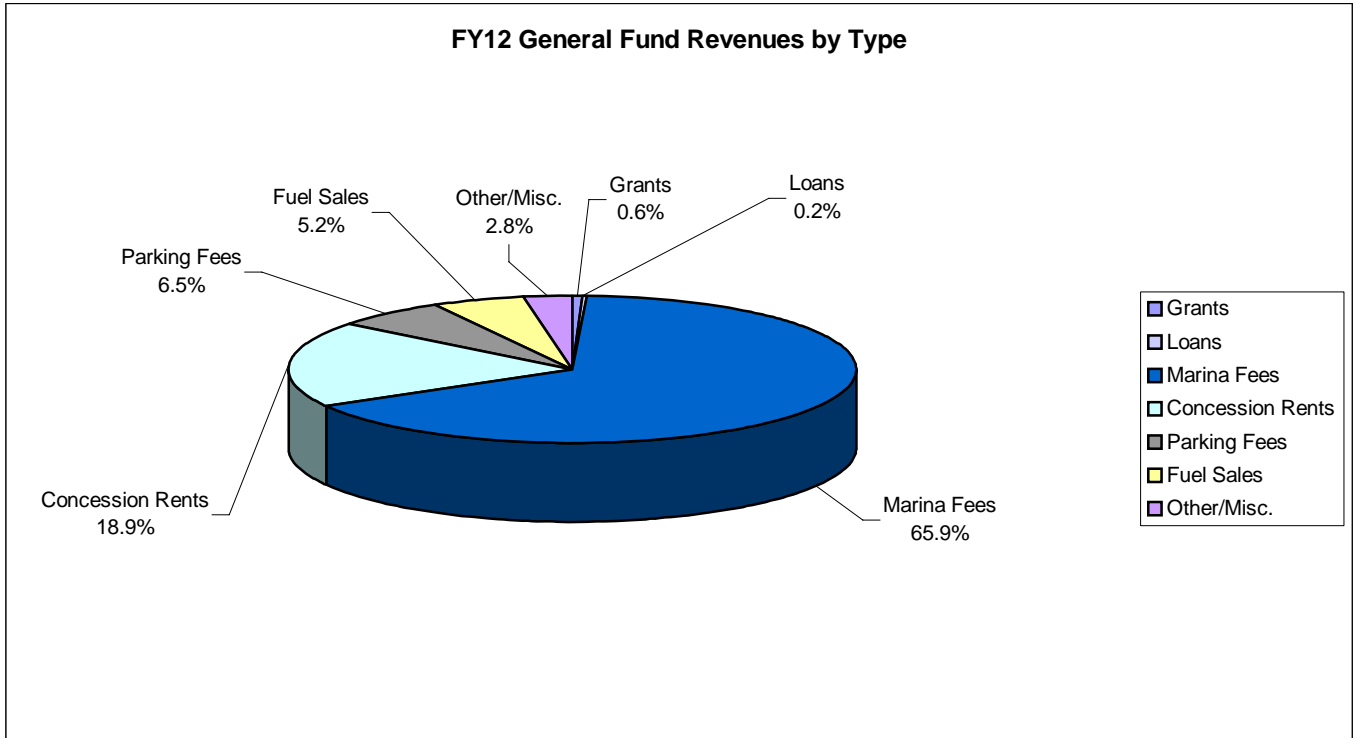
	FY11 Budget	FY11 Projected	FY12 Proposed
Intergovernmental	\$ 25,000	\$ 25,000	\$ 79,000
Rents	1,210,230	1,270,000	1,280,000
Charges for Services	2,000	750	15,600
Fines	36,000	45,830	40,000
Transfers In	0	0	100,000
User Fees	4,849,000	5,050,211	4,907,050
Other/Miscellaneous	10,000	238,959	361,750
TOTAL	\$ 6,132,230	\$ 6,630,750	\$6,783,400

Intergovernmental revenues include amounts anticipated from the County of Santa Cruz for marine rescue services and waste oil recycling. Rental revenue increases reflect modest growth in sales among concessions, as well as CPI increases included in month-to-month rentals.

The Port District expects to conduct a study of its fees and develop a cost recovery strategy during FY12. Charges for services reflect increased revenues associated with cost recovery strategies anticipated for implementation during FY12.

Increased revenues listed in Other/Miscellaneous include fuel sales for the period July 2010 through March 2011.

FINANCIAL SUMMARIES



FINANCIAL SUMMARIES

GENERAL FUND EXPENDITURE BUDGET

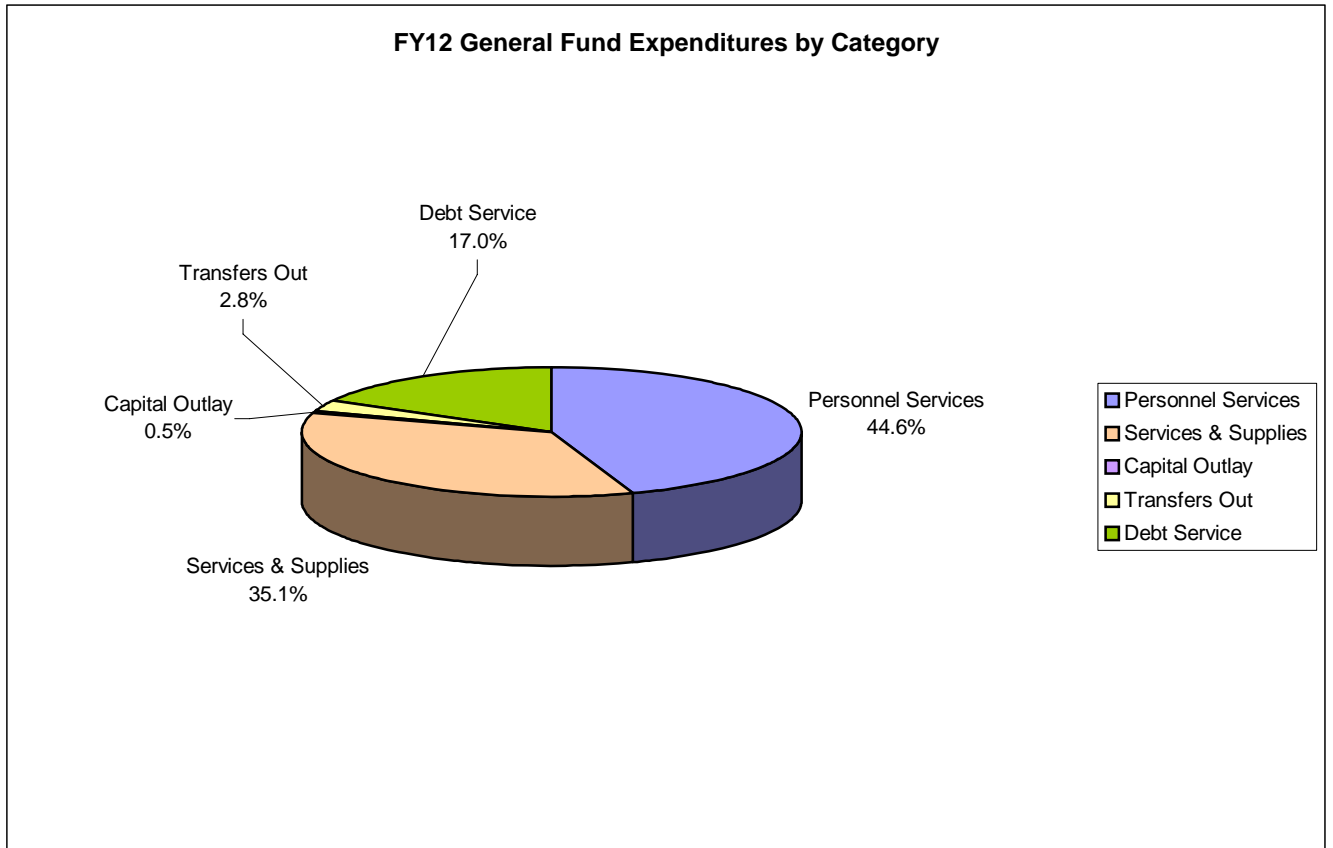
	FY11 Budget	FY11 Projected	FY12 Proposed
Personnel Services	\$ 3,128,537	\$ 3,019,611	\$3,023,542
Services & Supplies	1,502,194	1,933,564	2,291,331
Capital Outlay	20,000	4,500	32,700
Transfers Out	177,000	240,195	280,000
Debt Service	1,084,457	1,084,457	1,148,688
TOTAL	\$ 5,912,188	\$ 6,282,327	\$ 6,776,261

FY11 projected savings for Personnel Services resulted from eliminating the Planning and Government Relations staff position at mid-year (replaced with a consulting contract under Services and Supplies), and minor savings resulting from dredging staff sharing the cost of benefits for the first time. Increased expenses for Services and Supplies included increased utility costs (water, sewer, gas and electricity), higher than anticipated insurance premiums, and purchases of fuel since taking over the fuel dock in July 2010.

Capital outlay was not budgeted as a General Fund expense in FY 11, but was reflected under "Capital Improvements" in the "Cash Out" summary in the budget. Capital expenditures in the FY11 budget included \$500,000 for North Harbor Dock Reconstruction, \$75,000 for fuel line replacement, and \$20,000 for replacement of the maintenance van. The van was not replaced, but a used Ford pickup truck was purchased for \$4,500 during FY11, which accounts for the reduction in Capital Outlay. The North Harbor Dock Reconstruction and fuel line replacement are discussed in the Capital Improvement Program (Section 8) of this budget report.

General Fund expenditures in FY12 are proposed to exceed FY11 levels by approximately \$500,000. The increases can be accounted for in higher utility and fuel costs, operation of the fuel dock, higher debt service, anticipated repairs to the rescue boat "Almar," permit fees, higher insurance premiums, election expenses, purchase of new marina management software, maintenance needs for aging equipment and higher contribution to the Dredge Intermediate Fund.

FINANCIAL SUMMARIES



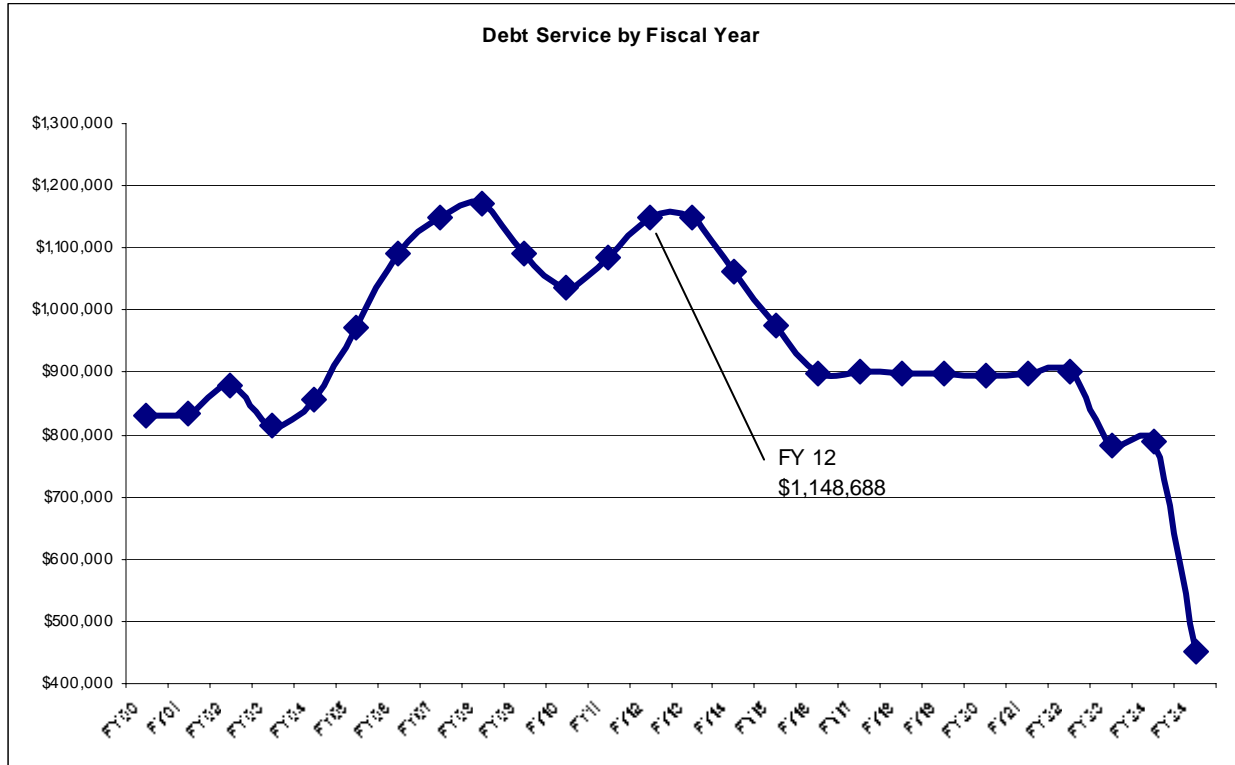
FINANCIAL SUMMARIES

EXPENDITURES BY DEPARTMENT AND PROGRAM

Department and Program	FY11 Budget	FY11 Projected	FY12 Proposed
100 Administrative Services Department	876,200	908,076	
110 Administration			533,283
120 Finance & Purchasing			185,941
130 Property Management			283,000
140 Environmental & Permitting			121,288
190 Port Commission Support			54,500
Department Total	876,200	908,076	1,178,012
200 Operations Department	1,552,255	1,678,202	
210 Harbor Patrol			424,713
220 Marina Management			373,097
230 Rescue Services			123,977
240 Parking			185,738
250 Events			121,249
280 Fuel Services		235,340	340,105
Department Total	1,552,255	1,913,542	1,568,879
300 Facilities Maintenance & Engineering	1,155,450	1,210,471	
310 Docks, Piers & Other Marine Structures			260,151
320 Utilities Maintenance			185,908
330 Building Maintenance			270,506
340 Grounds Maintenance			649,292
350 Aeration Program			89,397
360 Ice Production			57,220
390 Capital Projects	1,104,457	1,139,800	1,198,975
400 Dredging Operations	1,223,826	1,110,438	1,317,924
Department Total	3,483,733	3,460,709	4,029,373
Grand Total	5,912,188	6,282,327	6,776,261

FINANCIAL SUMMARIES

DEBT SERVICE



The chart above shows historic and projected debt service by fiscal year for amounts previously borrowed. Loan payoff would be achieved during FY24 if no additional borrowing occurred.

Funds totaling \$2.5 million have been included in the Governor's proposed budget for State FY 2011-12 for small craft harbor improvements at the Santa Cruz Harbor. If approved, the Port District may apply for additional funds to continue the North Harbor Dock Reconstruction project.

FINANCIAL SUMMARIES

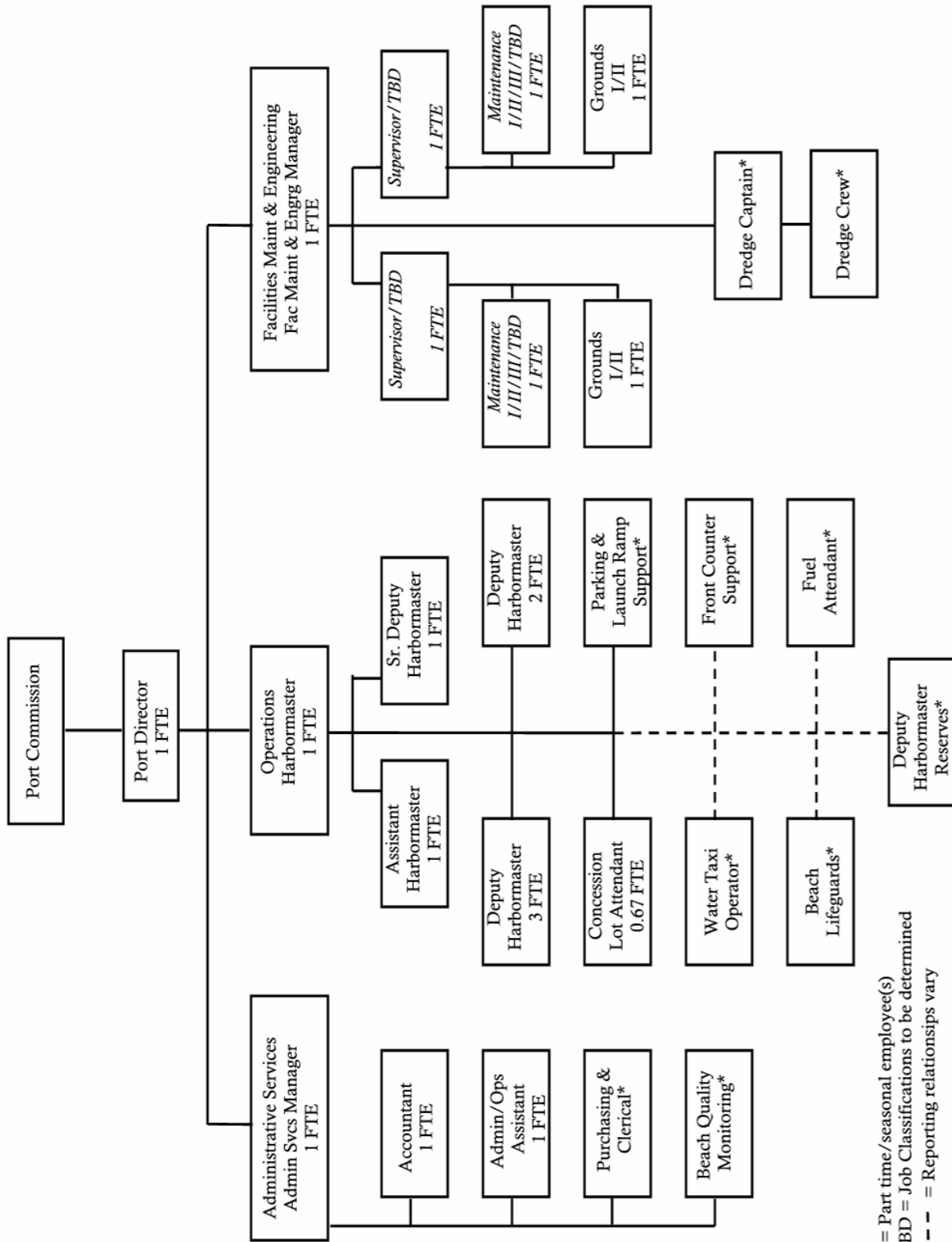
FUND BALANCE PROJECTIONS

Fund	FY	Beginning Fund Balance	Revenues & Transfers In	Expenditures & Transfers Out	Estimated Year End Fund Balance
General Fund	11	389,000	6,630,750	(6,460,522)	559,228
	12	559,228	6,783,350	(6,776,261)	566,317
Capital Projects Fund	11	0	60,000	0	60,000
	12	60,000	380,000	(440,000)	0
Dredge Int. Fund	11	70,218	115,000	(178,195)	7,023
	12	7,023	200,000	(200,000)	7,023
Long Term Contingency Fund⁴	11	666,380	109,000	0	775,380
	12	775,380	0	(205,000)	570,380
Election Fund⁵	11	105,000	64,000	(169,000)	0
	12	0	80,000	0	80,000
Easement Fund	11	260,000	0	0	260,000
	12	260,000	0	0	260,000
Salmon Relief Funds	11	157,000	0	0	157,000
	12	157,000	0	0	157,000
Lighthouse Donations	11	3,400	0	(2,176)	1,224
	12	1,224	0	0	1,224
Bond Reserve	11	383,022	0	(9,696)	373,326
	12	373,326	3,733	0	377,059
TOTAL ALL FUNDS (FY11 BEGINNING FUND BALANCE):					2,034,020
TOTAL ALL FUNDS (FY11 ENDING BALANCE):					2,139,181
TOTAL ALL FUNDS (FY12 ENDING BALANCE):					2,019,003

⁴ \$150,000 transfer shown out of Long Term Contingency Fund is reflected as transfer in to Capital Projects Fund. Expenditures of \$210,000 in Capital Projects Fund are detailed in the Capital Improvement Program section of the Budget Report.

⁵ Election fund was distributed to Capital Projects Fund (\$60,000) and Long Term Contingency Fund (\$109,000) when not needed for election expenses in 2010.

PERSONNEL PROFILE



* = Part time/seasonal employee(s)
 TBD = Job Classifications to be determined
 - - - = Reporting relationships vary

PERSONNEL PROFILE

The organization chart above is the basis of the FY12 budget projections. Positions shown with an associated FTE (full-time equivalent) number are regular, permanent positions assigned to each department. Positions shown with an asterisk and no FTE number are temporary and/or seasonal workers.

The FY12 budgeted organization involves eliminating four permanent, FTE positions (0.5 Deputy Harbormaster, 0.5 Beach Quality Coordinator, 1 Operations Assistant, 2 Maintenance Workers) and two temporary positions (Dock Construction). It adds one permanent FTE administrative and one permanent FTE engineering position, for a net reduction of two FTEs. It shifts responsibilities between departments and creates new functional workgroups. The resulting organization will benefit from improved span of control, clear delineation of responsibilities, and a net savings of approximately \$45,000 per year.

Salary and benefit costs for all employees (permanent FTE and temporary/seasonal) in FY 11 and FY 12 are tabulated below, with FY12 numbers reflecting the restructured organization. The FY 11 budget included 21.67 authorized full-time equivalents (FTEs). One FTE and two temporary workers were funded for part of the year by proceeds of Department of Boating and Waterways loan for the North Harbor Dock Rebuilding Project. All other labor costs were funded by the General Fund.

Salary and Benefit Costs

DEPARTMENT/SERVICE	FY 11 SALARIES & BENEFITS BUDGET	FY 11 SALARIES & BENEFITS PROJECTED ¹	FY 12 SALARIES & BENEFITS SNAPSHOT ²	FY 12 BUDGET ³	FY 12 SNAPSHOT TO BUDGET CHANGE
Administrative Services	443,000	402,993	441,501	493,512	113,164
Operations	1,063,705	1,124,352	1,141,002	1,065,679	-79,878
Facilities Maintenance and Engineering	701,700	779,297	812,818	733,873	-78,945
Dredging Operations ⁴	710,826	681,938	673,424	673,424	0
TOTALS	2,919,231	2,988,580	3,068,745	3,023,086	-45,659

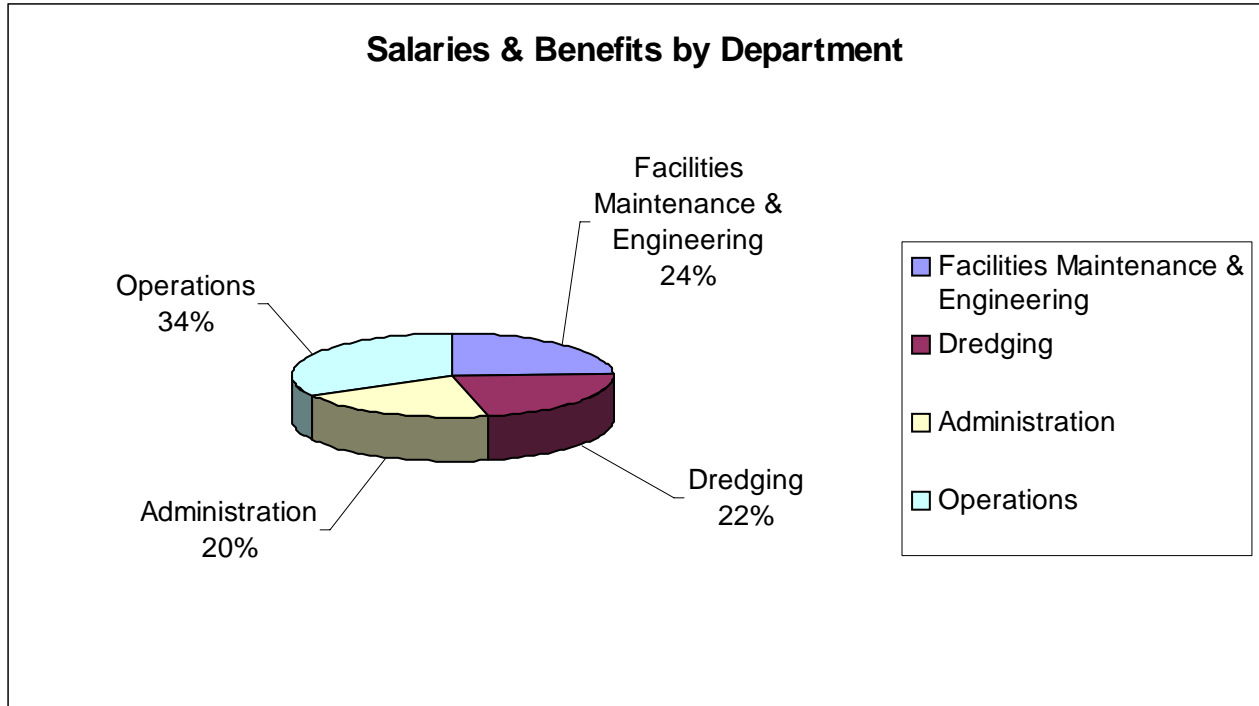
FY 11 Total FTE = 21.67

FY 12 Total FTE = 19.67

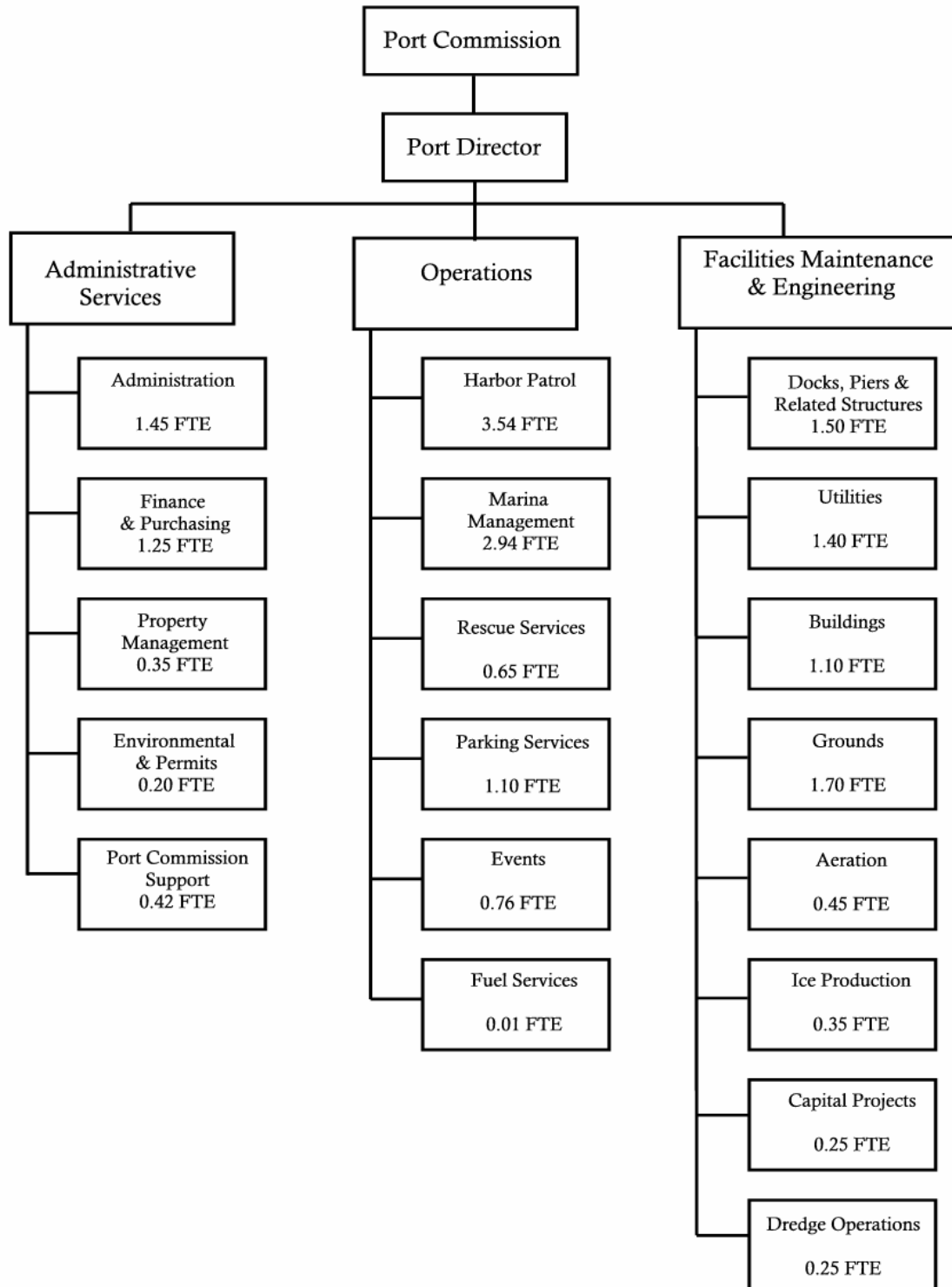
Notes:

1. FY11 projected salaries and benefits exceed budgeted levels by approximately \$60,000 due to the addition of the Fuel Dock Attendant in July 2010, transfer of one Maintenance Worker III from the North Harbor Dock Construction project to Maintenance in October 2010, and negotiated salary increases that took effect January 2011.
2. Snapshot values represent estimated salary and benefit costs by department using FY 11 staffing levels for comparison with restructured organization.
3. FY 12 budget values are based on adjusted staffing levels and reassignment of positions between departments.
4. Dredging Operations are encompassed under Facilities Maintenance and Engineering, but are shown separately here for added clarity.

PERSONNEL PROFILE

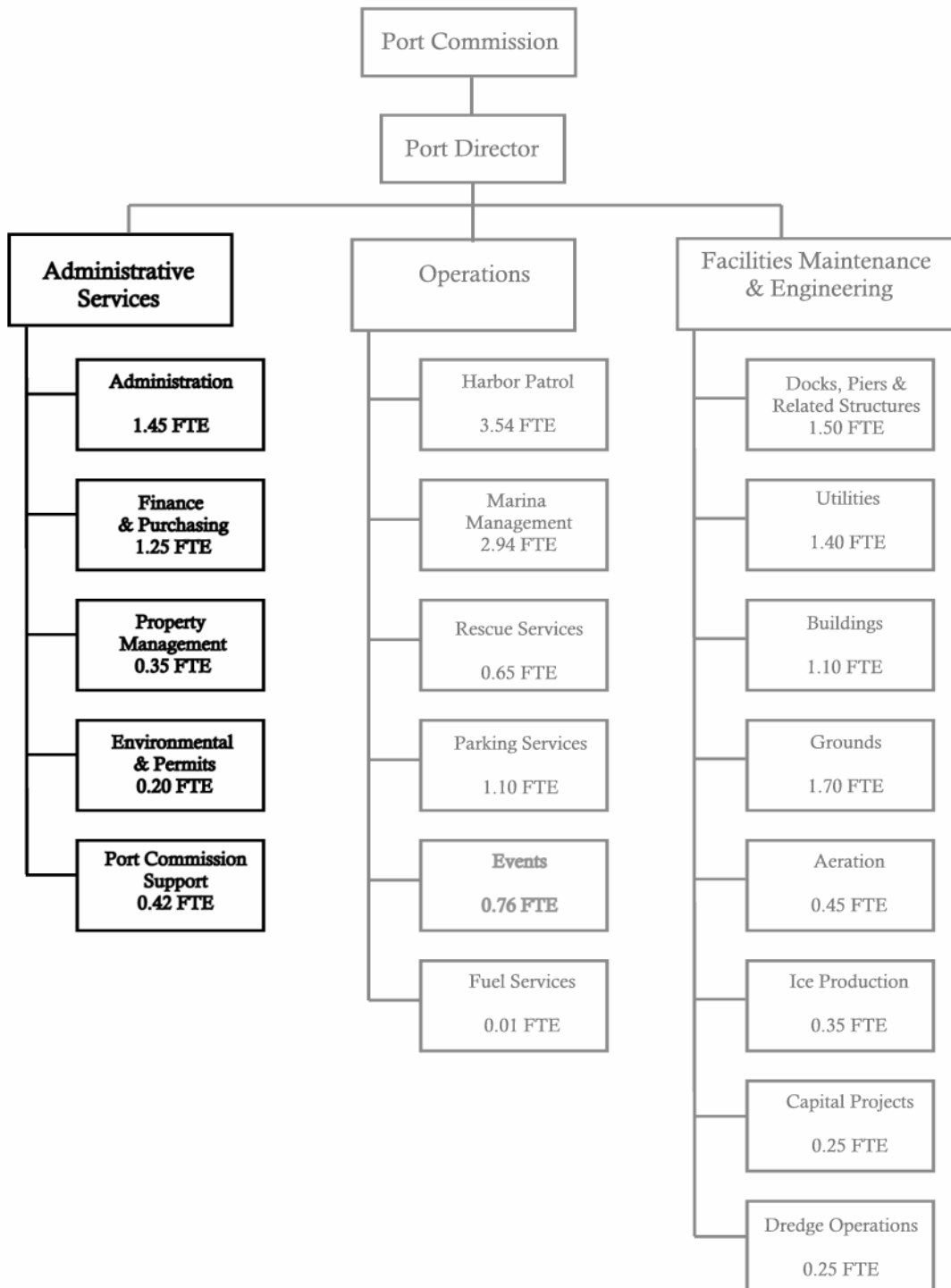


DEPARTMENTS AND PROGRAMS



19.67 FTE Total

ADMINISTRATIVE SERVICES DEPARTMENT



ADMINISTRATIVE SERVICES DEPARTMENT

DEPARTMENT SUMMARY

	FY 12 Budget	FY 12 Actual⁶	FY 13	FY 14
Expenditures by Category:				
Personnel Services	493,512			
Services & Supplies	675,500			
Capital Outlay	9,000			
Total Expenditures	1,178,012			
Expenditures by Program:				
Administration	533,283			
Finance & Purchasing	185,941			
Property Management	283,000			
Environmental & Permitting	121,288			
Port Commission Support	54,500			
Total Expenditures	1,178,012			
Total Regular Personnel Funded	4.0			
Temporary/Seasonal Personnel	Varies			

⁶ Shaded columns for FY12 year end actual and FY13-14 are included in tables to indicate prior year data is not available, but will be presented in future years' budgets.

ADMINISTRATIVE SERVICES DEPARTMENT

Administration

Administration encompasses the daily oversight of all Port District operations and programs, long-term planning, budget preparation, website maintenance, customer service, public outreach and promotional activities, coordination with local and regional organizations such as the California Special Districts Association, and various activities undertaken by the Port Director and Administrative Services staff.

The Administrative Services and Operations Departments have tested several new marina management software products, and have tentatively selected PacSoft (pending a demo to be launched in February). The Services and Supplies budget includes \$18,000 for the first year rental of the software, which can then be credited toward purchase in the second year. The program will allow all harbor records to be brought current and managed within a Windows environment, include graphics to show vacancies, allow for emailing of customers individually or in bulk, provide a standalone online bill pay system, and interface with the new accounting software in Finance (Microsoft Dynamics GP). The software is not compatible with the existing bill printing equipment, so \$6,000 have been budget for the purchase of a new folding and stuffing machine to avoid the need to hire a mailing service.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	150,283			
Services & Supplies	374,000			
Capital Outlay	9,000			
Total	533,283			
Funding Source(s)				
Intergovernmental	5,000			
Rents	121,779			
User Fees	406,504			
Total	533,283			
Regular Personnel	1.45 FTE			
Temporary/Seasonal Personnel	None			

ADMINISTRATIVE SERVICES DEPARTMENT

Finance and Purchasing

Finance and purchasing activities include accounting for all Port District assets, revenues and expenses; administering payroll; preparing budget monitoring and quarterly reports; contracting for services; preparing for and participating in audits. Finance and purchasing staff are currently developing purchasing procedures, implementing a new payroll system using an outside payroll processing contractor, and upgrading accounting software to provide greater stability and efficiency in accounting processes.

Expenditures	FY 12 Budget	<i>FY 12 Actual</i>	<i>FY 13</i>	<i>FY 14</i>
Personnel Services	154,441			
Services & Supplies	31,500			
Capital Outlay	0			
Total	185,941			
Funding Source(s)				
User Fees	185,941			
Total	185,941			
Regular Personnel	1.25 FTE			
Temporary/Seasonal Personnel	Clerical/Logistics			

ADMINISTRATIVE SERVICES DEPARTMENT

Property Management

Property management activities include serving as the primary contact for landside tenants, negotiating new and revised leases and easements, advertising space available for rent, monitoring rental payments and applying rent adjustments.

Expenditures	FY 12 Budget	<i>FY 12 Actual</i>	<i>FY 13</i>	<i>FY 14</i>
Personnel Services	44,500			
Services & Supplies	238,500			
Capital Outlay	0			
Total	283,000			
Funding Source(s)				
Rents	283,000			
User Fees	0			
Total	283,000			
Regular Personnel	0.35 FTE			
Temporary/Seasonal Personnel	N/A			

ADMINISTRATIVE SERVICES DEPARTMENT

Environmental and Permitting

The environmental and permitting work includes managing the beach quality monitoring and hydrogen sulfide protocol during dredging activities, negotiating new permits and amendments with the Army Corps of Engineers, Us Environmental Protection Agency, California Coastal Commission, Regional Water Quality Control Board, Monterey Bay National Marine Sanctuary, Monterey Bay Unified Air Pollution Control District and other agencies for dredging and disposal operations, and overseeing the harbor's Clean Marina Program, waste oil and other recycling facilities.

Expenditures	FY 12 Budget	<i>FY 12 Actual</i>	<i>FY 13</i>	<i>FY 14</i>
Personnel Services	93,788			
Services & Supplies	27,500			
Capital Outlay	0			
Total	121,288			
Funding Source(s)				
Intergovernmental	12,000			
User Fees	109,288			
Total	121,288			
Regular Personnel	0.20 FTE			
Temporary/Seasonal Personnel	Beach Quality Monitors			

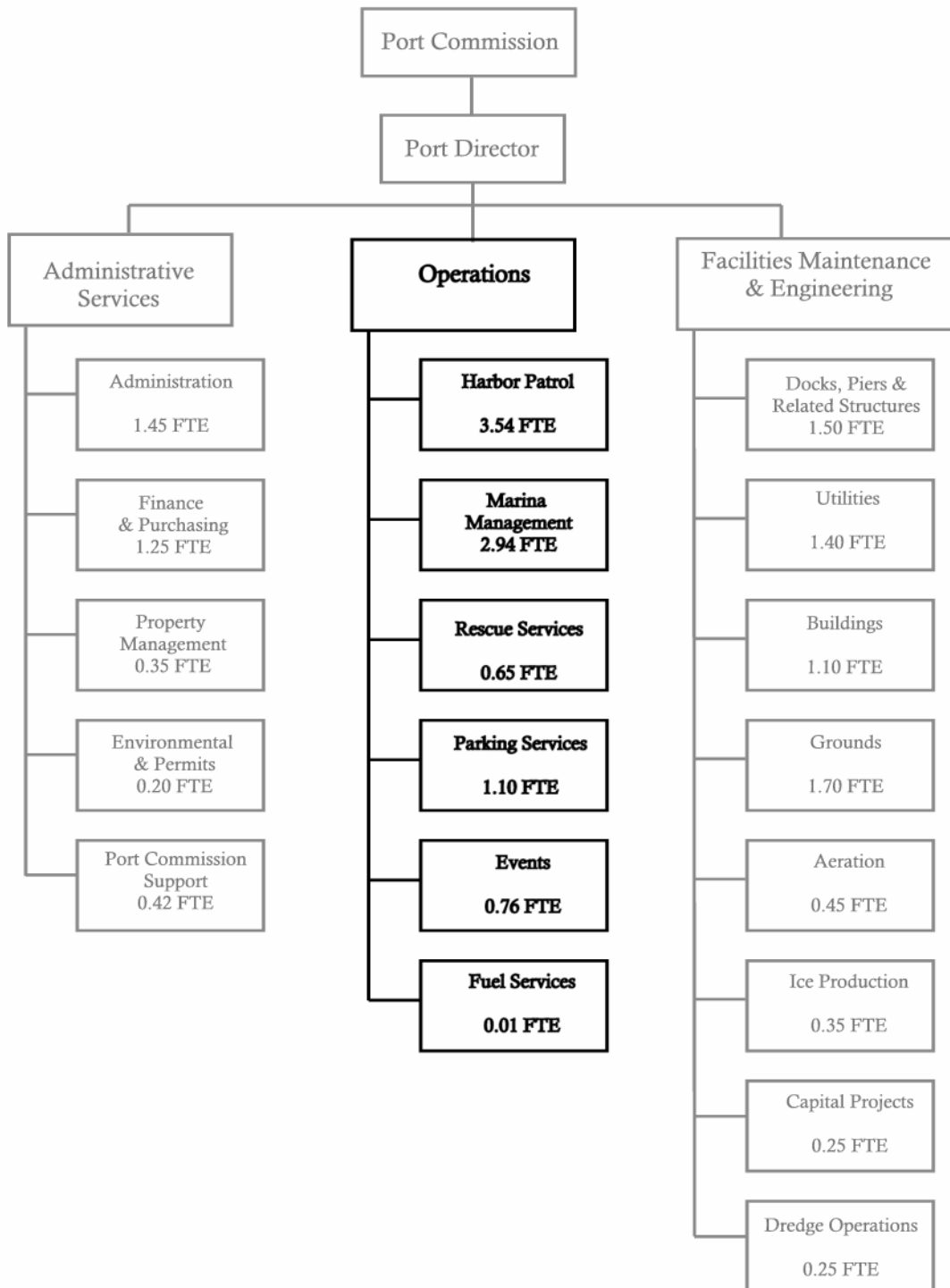
ADMINISTRATIVE SERVICES DEPARTMENT

Port Commission Support

Activities that provide staff support for the Port Commission include developing meeting agendas, staff reports and minutes; coordinating with the County Elections Department and ensuring compliance with the Brown Act and adopted Port Commission policies and procedures.

Expenditures	FY 12 Budget	<i>FY 12 Actual</i>	<i>FY 13</i>	<i>FY 14</i>
Personnel Services	50,500			
Services & Supplies	4,000			
Capital Outlay	0			
Total	54,500			
Funding Source(s)				
User Fees	54,500			
Total	54,500			
Regular Personnel	0.43 FTE			
Temporary/Seasonal Personnel	N/A			

OPERATIONS DEPARTMENT



OPERATIONS DEPARTMENT

DEPARTMENT SUMMARY

	FY 12 Budget	FY 12 Actual⁷	FY 13	FY 14
Expenditures by Category:				
Personnel Services	1,065,679			
Services & Supplies	502,000			
Capital Outlay	1,200			
Total Expenditures	1,568,879			
Expenditures by Program:				
Harbor Patrol	424,713			
Marina Management	373,097			
Rescue Services	123,977			
Parking Services	185,738			
Events	121,249			
Fuel Services	340,105			
Total Expenditures	1,568,879			
Total Regular Personnel Funded	8.67			
Temporary/Seasonal Personnel	Varies			

⁷ Shaded columns for FY12 year end actual and FY13-14 are included in tables to indicate prior year data is not available, but will be presented in future years' budgets.

OPERATIONS DEPARTMENT

Harbor Patrol

The Harbor Patrol provides 24-hour security and enforcement of Port District ordinances, California Harbors and Navigation, Penal and Vehicle Codes. Deputy Harbormasters provide site security and traffic control, make arrests, prepare incident reports and provide mutual aid response to other law enforcement agencies.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	379,213			
Services & Supplies	44,300			
Capital Outlay	1,200			
Total	424,713			
Funding Source(s)				
Rents	75,000			
User Fees	349,713			
Total	424,713			
Regular Personnel	3.27 FTE			
Temporary/Seasonal Personnel	Reserve DHM			

OPERATIONS DEPARTMENT

Marina Management

Harbormaster staff manages and assigns berths and dry storage areas; monitors docks and dry storage areas for safety; staffs the front counter 363 days per year; administers invoicing and payment processes; monitors vessel use and confirms current registration; performs vessel serviceability checks; manages the waiting list; conducts electrolysis testing; develops delinquency reports; conducts lien sales, and manages the harbor's database.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	338,797			
Services & Supplies	34,300			
Capital Outlay	0			
Total	373,097			
Funding Source(s)				
Intergovernmental	22,000			
Rents	21,097			
User Fees	330,000			
Total	373,097			
Regular Personnel	2.94 FTE			
Temporary/Seasonal Personnel	Reserve DHM Desk/Office Support			

OPERATIONS DEPARTMENT

Rescue Services

Rescue services are provided by the Harbor Patrol aboard the vessel "Almar" or the hard-bottomed inflatable (HBI), and by lifeguards assigned to Harbor Beach when catamaran and outrigger storage is permitted on the beach. Rescues performed on "Almar" are often conducted under the Coastal Incident Response Plan (CIRP) in coordination with City, County and State resources. The US Coast Guard staffs its Santa Cruz station in the harbor on weekends between Memorial Day and Labor Day. The Harbor Patrol and USCG coordinate efforts on those days.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	92,977			
Services & Supplies	31,000			
Capital Outlay	0			
Total	123,977			
Funding Source(s)				
Intergovernmental	35,000			
Rents	15,000			
User Fees	73,977			
Total	123,977			
Regular Personnel	0.32 FTE			
Temporary/Seasonal Personnel	Reserve DHM			

OPERATIONS DEPARTMENT

Parking Services

Parking services encompass year-round staffing of the concession parking lot serving 2222 East Cliff Drive (O'Neill Building), the Crow's Nest and Café el Palomar and Harbor Beach; beach parking permit sales; slip licensee parking permits; launch ramp parking and permits; water taxi and shuttle van services, and parking ordinance enforcement. Revenues from parking meters, pay stations, permit sales and concession lot receipts are used to fund parking services.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	177,338			
Services & Supplies	8,400			
Capital Outlay	0			
Total	185,738			
Funding Source(s)				
Parking Fees	185,738			
Total	185,738			
Regular Personnel	1.10 FTE			
Temporary/Seasonal Personnel	Concession Parking Launch Parking Water Shuttle Land Shuttle			

OPERATIONS DEPARTMENT

Events

This program is jointly managed by Operations and Administrative Services, and comprises permitting, transportation and security for special events such as the Taste of the Harbor, the Crow's Nest Thursday night beach barbecues, beach volleyball tournaments, regattas, and other special events.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	121,249			
Services & Supplies	0			
Capital Outlay	0			
Total	121,249			
Funding Source(s)				
Rents	106,249			
Charges for Services	15,000			
User Fees	0			
Total	121,249			
Regular Personnel	0.76 FTE			
Temporary/Seasonal Personnel	Concession Parking Launch Parking Water Shuttle Land Shuttle Reserve DHM			

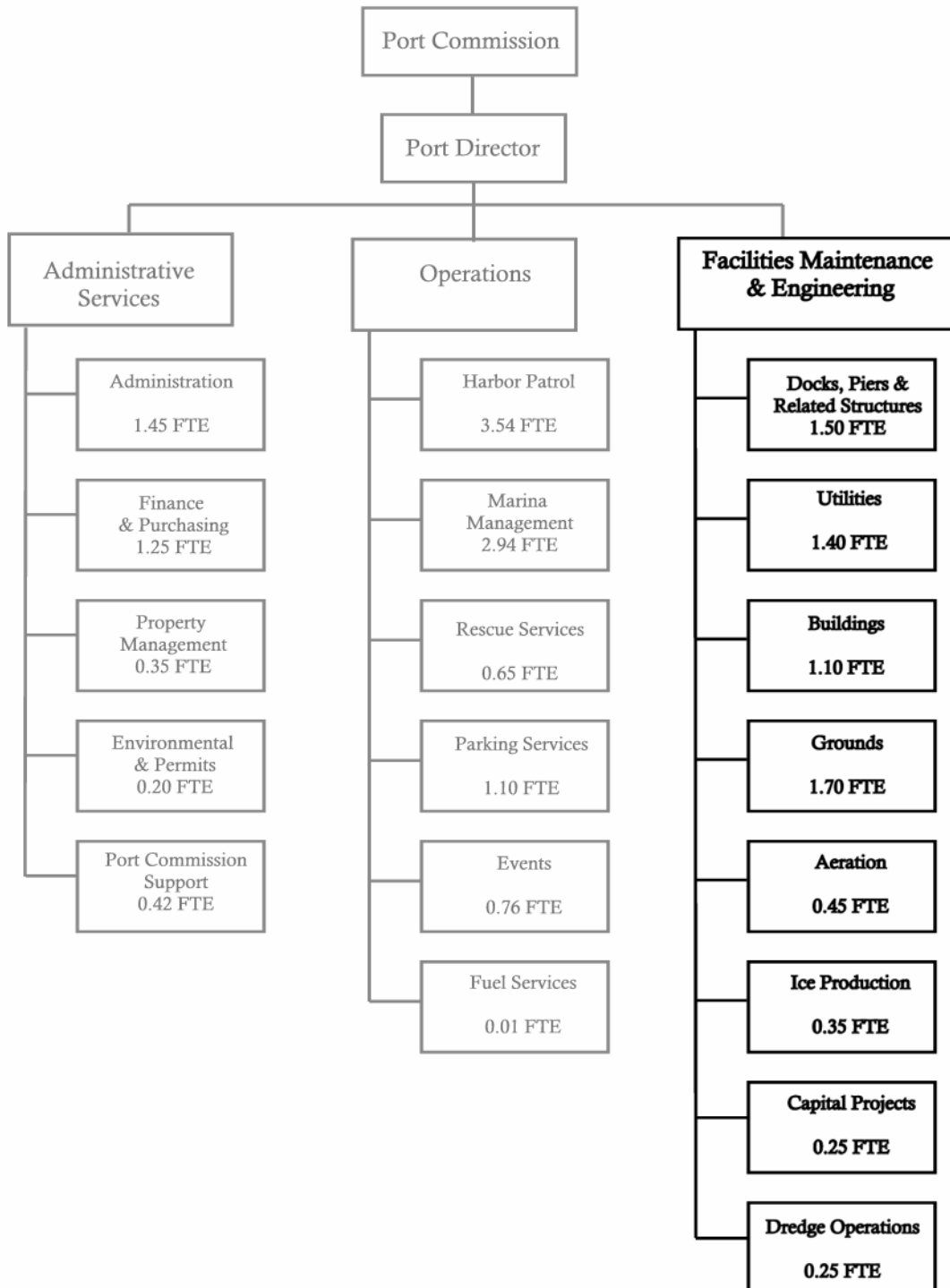
OPERATIONS DEPARTMENT

Fuel Services

The Port District took over operation and maintenance of the harbor's only fuel dock in July 2010. Costs involved in the first year of this new enterprise included acquisition of the equipment and fuel inventory; staffing the fuel dock to assist customers and ensure pollution prevention practices are observed; and upgrades to the pumps and monitoring equipment. Recurring program costs include staff, fuel purchases, taxes, storage tank fees, inspections and spill prevention equipment and supplies.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	16,105			
Services & Supplies	324,000			
Capital Outlay	0			
Total	340,105			
Funding Source(s)				
Charges for Services	500			
Fuel Sales	350,000			
Total	350,500 (10,395 Net)			
Regular Personnel	0.01 FTE			
Temporary/Seasonal Personnel	Fuel Dock Attendant			

FACILITIES MAINTENANCE AND ENGINEERING DEPARTMENT



FACILITIES MAINTENANCE AND ENGINEERING DEPARTMENT

DEPARTMENT SUMMARY

	FY 12 Budget	FY 12 Actual⁸	FY 13	FY 14
Expenditures by Category:				
Personnel Services	1,407,297			
Services & Supplies	1,250,888			
Capital Outlay	22,500			
Debt Service	1,148,688			
Transfers Out	200,000			
Total Expenditures	4,029,373			
Expenditures by Program:				
Docks, Piers, Marine Str.	260,151			
Utilities Maintenance	185,908			
Building Maintenance	270,506			
Grounds Maintenance	649,292			
Aeration Program	89,397			
Ice Production	57,220			
Capital Projects	1,198,975			
Dredge Operations	1,317,924			
Total Expenditures	4,029,373			
Total Regular Personnel Funded	7.0 FTE			
Temporary/Seasonal Personnel	N/A			

⁸ Shaded columns for FY12 year end actual and FY13-14 are included in tables to indicate prior year data is not available, but will be presented in future years' budgets.

FACILITIES MAINTENANCE AND ENGINEERING DEPARTMENT

Docks, Piers and Other Marine Structures

Activities in this program include maintenance and repairs of existing docks and piers; piling and pile guide replacements; maintenance of floats, seawalls, cranes, jetties, and gangways.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	158,151			
Services & Supplies	102,000			
Capital Outlay	0			
Total	260,151			
Funding Source(s)				
User Fees	260,151			
Total	260,151			
Regular Personnel	1.50 FTE			
Temporary/Seasonal Personnel	N/A			

FACILITIES MAINTENANCE AND ENGINEERING DEPARTMENT

Utilities Maintenance

Utility maintenance includes repairs to landside and dock electrical and plumbing facilities; operation and maintenance of seven sanitary sewer lift stations; maintenance of parking lot, dock and storage area lighting; and storm drain inspections and cleaning.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	150,908			
Services & Supplies	35,000			
Capital Outlay	0			
Total	185,908			
Funding Source(s)				
Rents	30,908			
User Fees	155,000			
Total	185,908			
Regular Personnel	1.40 FTE			
Temporary/Seasonal Personnel	N/A			

FACILITIES MAINTENANCE AND ENGINEERING DEPARTMENT

Building Maintenance

There are 25 buildings housing over 40 tenants, harbor administration, operations and maintenance functions, restrooms and miscellaneous storage facilities throughout the harbor. Activities include the full spectrum of repairs, paint, carpet, roofing, HVAC, elevator service, alarm maintenance and cleaning/custodial services.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	119,006			
Services & Supplies	133,500			
Capital Outlay	18,000			
Total	270,506			
Funding Source(s)				
Rents	270,506			
Total	270,506			
Regular Personnel	1.10 FTE			
Temporary/Seasonal Personnel	N/A			

FACILITIES MAINTENANCE AND ENGINEERING DEPARTMENT

Grounds

Harbor property encompasses approximately nine landside acres that attract thousands of visitors each year. Activities include maintenance of landscaped areas; parking lots and meters; striping; signs; fences; walkways; commemorative plazas; retaining walls; litter collection and control; recycling services; cleaning of impounded boats for lien sale; pressure washing of docks; street sweeping; and fish table cleaning and maintenance.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	185,042			
Services & Supplies	461,250			
Capital Outlay	3,000			
Total	649,292			
Funding Source(s)				
Rents	236,461			
User Fees	412,831			
Total	649,292			
Regular Personnel	1.70 FTE			
Temporary/Seasonal Personnel	Weekend Custodian Grounds Support			

FACILITIES MAINTENANCE AND ENGINEERING DEPARTMENT

Aeration Program

This program involves the annual installation of 24 electric powered aerators mounted in strategic locations throughout the harbor to respond to high fish count and low dissolved oxygen events. The harbor had experienced devastating fish kills, primarily schools of anchovies, in years past, requiring costly cleanup and repair operations. The current aeration program is a joint effort between the Facilities Maintenance and Engineering Department and the Harbor Patrol to monitor fish populations and dissolved oxygen levels, and be prepared to respond quickly to ameliorate poor conditions and prevent another kill.

Aerators are typically installed in April and removed in October. They receive routine maintenance and are occasionally tested to ensure adequate performance.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	47,397			
Services & Supplies	42,000			
Capital Outlay	0			
Total	89,397			
Funding Source(s)				
User Fees	89,397			
Total	89,397			
Regular Personnel	0.45 FTE			
Temporary/Seasonal Personnel	N/A			

FACILITIES MAINTENANCE AND ENGINEERING DEPARTMENT

Ice Production

Activities involve maintenance and repairs to the harbor's computer-controlled ice plant located at the fishery pier. The plant includes a complex network of electric motors, plumbing, and conveyors. Ice is available to commercial fishermen and the public for purchase for \$3.50 per 100 lbs. Harbor staff respond to requests for ice purchases after hour for a nominal fee.

Expenditures	FY 12 Budget	<i>FY 12 Actual</i>	<i>FY 13</i>	<i>FY 14</i>
Personnel Services	40,220			
Services & Supplies	17,000			
Capital Outlay	0			
Total	57,220			
Funding Source(s)				
User Fees	57,220			
Total	57,220			
Regular Personnel	0.35 FTE			
Temporary/Seasonal Personnel	N/A			

FACILITIES MAINTENANCE AND ENGINEERING DEPARTMENT

Capital Projects

This program provides staffing to manage the Port District’s Capital Improvement Program. Work in this section may involve preliminary engineering, such as site inspections or concept development, grant applications, and other work in support of capital projects. The FY 12 draft budget for capital projects includes staff time for development of the 5-year Capital Improvement Plan and for managing the Sanitary Sewer Lift Station Rehabilitation projects funded by the Port Commission in FY 11. This program also lists principal and interest payments on outstanding loans the Port District has used to finance other projects, e.g. North Harbor Dock Reconstruction.

Capital projects recommended for FY12 are detailed in the Capital Improvement Program commencing on page 49 of this Budget Report.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	29,787			
Services & Supplies	19,000			
Capital Outlay	1,500			
Debt Service	1,148,688			
Total	1,198,975			
Funding Source(s)				
Intergovernmental	5,000			
Transfers in	35,000			
Rents	60,000			
User Fees	1,098,666			
Total	1,198,666			
Regular Personnel	0.25 FTE			
Temporary/Seasonal Personnel	N/A			

FACILITIES MAINTENANCE AND ENGINEERING DEPARTMENT

Dredging Operations

Activities involve annual dredging of the channel entrance and selected areas of the inner harbor, primarily the north harbor where sedimentation from Arana Gulch most impacts depths. Also included are maintenance and repairs to the dredges *Seabright* and *Squirt* and other equipment (e.g. crane, forklift, pipe welder, and anchors). Dredging activities were previously budgeted under as a separate department and included costs associated with environmental planning, studies and permits. Environmental efforts are now budgeted separately under the Administrative Services Department.

Expenditures	FY 12 Budget	FY 12 Actual	FY 13	FY 14
Personnel Services	673,424			
Services & Supplies	444,500			
Capital Outlay	0			
Transfers Out	200,000			
Total	1,317,924			
Funding Source(s)				
Transfers In	40,000			
Rent	60,000			
User Fees	1,217,924			
Total	1,317,924			
Regular Personnel	0.25 FTE			
Temporary/Seasonal Personnel	Dredge Captain Leverman Watch Engineer Deckmates			

Note: Transfer out of \$200,000 is General Fund contribution to Dredge Intermediate Fund for work detailed on page 57 (Dredging Equipment) of this report. Transfer in of \$40,000 covers balances biodiesel purchase made at end of FY10 (had been accounted for as inventory). Transfer in to Dredging is drawn from FY11 revenues and is reflected as “transfer out” from Long Term Contingency Fund in Fund Balance statements.

CAPITAL OUTLAY

Radios

Budget (Program): \$1,200 (210 – Harbor Patrol)

Two new handheld radios will be purchased for the Harbor Patrol as part of a phased upgrade to new County standards.

Generator for Harbor Office

Budget (Program): \$18,000 (330 – Buildings)

This item includes purchase and installation of a backup power supply for the harbor office in the event of a PG&E outage.

Garbage Bins

Budget (Program): \$3,000 (340 – Grounds)

Several of the rolling garbage bins throughout the harbor have been damaged so that they are no longer water tight, or are prone to tipping while being towed to the compactor. This item would replace the worst bins, and potentially fund repairs to remaining bins.

Computer Workstations and Conference Room Chairs

Budget (Program): \$4,500 (110 – Administration)

This item would provide for the purchase and installation of a computer workstation at the desk in the front counter area so that counter staff could perform data processing, typing and other tasks when not assisting customers. A second workstation would be purchased for the Facilities Maintenance and Engineering Department. Funds would also be used to replace the existing plastic chairs in the conference room.

Folding and Stuffing Machine for Invoices

Budget (Program): \$6,000 (110 – Administration)

The Administrative Services and Operations Departments have tested several new marina management software products, and have tentatively selected PacSoft (pending a demo to be launched in February). The new program prints to any standard office printer and requires that invoices be folded and inserted into envelopes for mailing. A folding and stuffing machine will be purchased to avoid having to employ a mailing service for this task.

CAPITAL IMPROVEMENT PROGRAM

The following capital projects are recommended for commencing work during FY12. Expenses associated with managing the Capital Improvement Program are budgeted in program 390 (Capital Projects).

Recommended Projects	Cost	Funding Source(s)
5-Year Capital Improvement Plan	30,000	Capital Projects Fund
Sanitary Sewer Lift Stations Upgrade	80,000	Capital Projects Fund & Long Term Cont. Fund
Dredging Options Analysis	30,000	General Fund
Piling Replacement Program	60,000	General Fund (310-Docks/Piers)
North Harbor Dock Reconstruction – ‘V’ Dock	100,000	DBW Loan
North Harbor Dock Reconstruction – ‘H’ and ‘I’ Docks	25,000	DBW Loan
Parking Pay Stations	100,000	Long Term Cont. Fund
Westside Seawall Inspection	15,000	Long Term Cont. Fund
West Jetty Walkway	<i>TBD</i>	Donations / Grants
Total	440,000	
Funding Source(s)	Budget	
Capital Projects Fund	60,000	
DBW Loan	125,000	
General Fund	90,000	
Long Term Contingency Fund	165,000	
Total	440,000	

CAPITAL IMPROVEMENT PROGRAM

Dredging Options Analysis

Budget: \$30,000

Funding Source(s): General Fund

This is Phase II of the report commenced in FY 11 at the California Coastal Commission's request to review and comment on options to current dredging and disposal practices. Phase II will involve consultation with experts in dredging and marine engineering to inform the decision-making process involved in the replacement or rehabilitation of the dredge *Seabright*.

Parking Pay Stations

Budget: \$100,000

Funding Source: Long Term Contingency Fund

The existing "ticket splitter" at the concession lot is in need of replacement. This item would fund the purchase of two self-serve pay stations for the concession lot as part of a capital project (separate funding is budgeted in Capital Projects for construction of pads and utility connections. Existing long-term employees who staff the current pay booth in the lot could be trained to manage the system and perform other duties in support of the harbor-wide parking program.

North Harbor Dock Reconstruction Project – 'V' Dock

Budget: \$100,000

Funding Source(s): Department of Boating and Waterways (DBW) Loans

This is a continuation of the north harbor dock rebuilding project. Construction of 'G' dock was completed in December 2010. There were insufficient funds remaining to commence work on another complete dock, so work was suspended pending the availability of new funds and approval by the Port Commission for additional debt. DBW indicated that \$2.5 million in funding for Santa Cruz Small Craft Harbor Improvement was in the Governor's proposed budget as of January 15, 2011. 'V' dock was identified as the next dock to be reconstructed due to its poor condition and the concentration of liveboards located there. This project would involve development of construction documents and permits, followed by demolition and reconstruction of 'V' dock if additional loans are secured.

CAPITAL IMPROVEMENT PROGRAM

North Harbor Dock Reconstruction Project - H and I Docks

Budget: \$25,000

Funding Source(s): DBW Loans

'H' and 'I' docks are home to the highest concentration of 20-foot slips in the harbor, and experience the highest vacancy rates during the off season. Both docks are in need of complete replacement of the failed concrete decking. A conceptual design has been developed that reconfigures the two docks to share a single brow pier, creating several 30- to 40-foot slips, and improving access. The first phase of this proposed project would involve completion of conceptual and preliminary engineering design of the new docks, and application to the California Coastal Commission for a Coastal Development Permit (required due to the reconfiguration).

Piling Replacement Program

Budget: \$60,000

Funding Source(s): General Fund

This project is part of an ongoing effort to replace failing wooden pilings with new concrete pilings in various locations throughout the harbor. Existing pilings needing replacement have been surveyed and prioritized for replacement. Pile driving work is limited to summer months due to concerns about impacts to endangered/threatened fish species using harbor waters the remainder of the year. The Facilities Maintenance and Engineering Department has identified 50-65 pilings in need of replacement in the south harbor, and 30-40 in the north harbor. The FY 12 project would replace up to 20 pilings in the south harbor.

Development of 5-Year Capital Improvement Plan

Budget: \$30,000

Funding Source(s): Capital Projects Fund

This project was funded in FY 11 using funds that were not needed for the 2010 election. The project involves inspection and inventory of the harbor's facilities and infrastructure, outreach and communication with harbor stakeholders, and development of a draft 5-year Capital Improvement Plan for consideration by the Port Commission. The 5-year CIP would be updated annually.

CAPITAL IMPROVEMENT PROGRAM

Sanitary Sewer Lift Stations Rehabilitation Project

Budget: \$80,000

Funding Source(s): Capital Projects Fund

Engineering for this project was funded in FY 11 using in funds that were not needed for the 2010 election. The project involves inspection of the seven sanitary sewer lift stations throughout the harbor; prioritization of needs for upgrade or replacement; and development of construction documents (plans, specifications and estimates) for prioritized repairs. Funds in the amount of \$25,000 have been allocated from the new Capital Projects Fund to commence this work. An additional \$50,000 has been proposed for a portion of the construction costs for the highest priority lift stations.

West Jetty Walkway Project

Estimated Cost: \$1.2 million

Funding Source(s): General Fund/Coastal Conservancy Grant/Donations

This project involves several unique donor funding opportunities along the west side of the harbor between 'A' dock and Atlantic Avenue, and continuing along the west jetty. Improvements will include upgraded walkways, retaining walls, overlooks, seating areas and a variety of artistic treatments. Design work, funded by the Coastal Conservancy, and development of the donor package are expected to be completed in FY 12.

UNFUNDED PROJECTS

The following projects are not included in the draft capital improvement program budget. Cost estimates should be considered preliminary unless otherwise noted.

Fuel System Upgrade

Estimated Cost: \$125,000

Funding Source(s): General Fund/Fuel Enterprise/Boating Infrastructure Grant

This project will involve the realignment and replacement of the buried fuel line between the underground storage tanks and the shutoff adjacent to 2210 East Cliff Drive, replacement of fuel lines mounted below the pier and walkways and joining the pumps on the fuel dock. This project is planned for submittal to the Department of Boating and Waterways for a Boating Infrastructure Grant in summer 2011, for potential funding in 2012.

Harbor Vehicle Fuel Pump

Estimated Cost: \$35,000

Funding Source(s): General Fund/Fuel Enterprise/Boating Infrastructure Grant

This project would add a fueling station (pump) in the parking area near the harbor office to service Port District vehicles. The payback period for installing a pump is estimated at 3 to 4 years, considering retail fuel prices and travel time and distance to the harbor's current fuel vendor.

Electronic Gate and Restroom Key System

Estimated Cost: \$150,000

Funding Source(s): General Fund/US Department of Homeland Security Port Security Grant

This project would update the harbor's existing hard-key gate, restroom and shower locks with an electronic system operated by key-fob or cards. Electronic gate key systems are increasingly popular and effective in marine environments. Systems can be hard-wired or wireless, although wireless networks are more prone to disruption.

UNFUNDED PROJECTS

FEMA Hazard Mitigation Grant Application-Arana Gulch Sediment Reduction Measures

Estimated Cost: \$25,000

Funding Source(s): Federal Emergency Management Agency Hazard Mitigation Grant Program

This project would involve developing a grant proposal to fund engineering design and construction of several sediment-reduction measures in Arana Gulch, upstream of the north harbor. Work on this project commenced in FY 11 with a preliminary application submitted on the Port District's behalf. The application process was suspended because the Port District is not eligible to serve as lead agency for the grant and cooperative agreements had not been executed with the City of Santa Cruz and the County of Santa Cruz for extraterritorial work sponsored by the Port District.

Installation of Harbor-wide Wireless Internet Infrastructure

Estimated Cost: TBD

Funding Source(s): General Fund or Private/Franchise Funded

This project would involve the installation of antennas, repeaters, controllers and other infrastructure to provide wireless internet service throughout the harbor. This project could be completed by a private party under a cooperative agreement or franchise from the harbor.

Pavement Repairs and Slurry Sealing of Various Parking and Storage Lots

Estimated Cost: TBD

Funding Source(s): General Fund

This recurring project would involve pavement repairs in severely damaged (alligatored) areas, crack sealing, slurry sealing and restriping of the launch ramp area, north harbor dry storage area and various parking lots.

UNFUNDED PROJECTS

Security Lighting Upgrades

Estimated Cost: \$40,000

Funding Source(s): General Fund/California Energy Commission/PG&E

This project would replace existing parking lot, dock and building exterior light fixtures and bulbs with new, energy-efficient induction or LED fixtures and bulbs throughout the harbor. PG&E offers "turnkey" design and installation services, and significant rebates for these upgrades.

Concession Parking Lot Modifications

Estimated Cost: \$175,000

Funding Source(s): General Fund

This project would involve the redesign of the concession parking lot to improve circulation and increase space numbers and sizes, install self-serve parking pay stations and upgrade lighting and landscaping.

West Harbor Seawall Rehabilitation

Estimated Cost: TBD

Funding Source(s): General Fund

The west harbor seawall extends from the pier below Aldo's Restaurant to approximately 'FF' dock near the Murray Street Bridge. Phases for this project would include a condition assessment performed by a structural engineer, to include an analysis of corrosion; installation of corrosion protection system, if warranted, and patching, filling or replacement of any sheet piles, tiebacks or caps as needed.

South Harbor Dock Reconstruction

Estimated Cost: TBD

Funding Source(s): Department of Boating and Waterways Loan

This project would involve phased reconstruction of docks and replacement of pilings throughout the south harbor.

UNFUNDED PROJECTS

Storm Drain Improvements

Estimated Cost: TBD

Funding Source(s): General Fund

This project would involve design, permitting and installation of various storm drainage facilities throughout the harbor.

Replacement/Remodeling of Various Restrooms

Estimated Cost: TBD

Funding Source(s): General Fund/Boating Infrastructure Grants

This project would involve developing conceptual designs, preparing grant applications, completing architectural work and construction/remodeling of aged restroom buildings throughout the harbor.

Miscellaneous Pier and Marine Structures Upgrades

Estimated Cost: TBD

Funding Source(s): General Fund

Aging marine structures are prevalent throughout the harbor, and include missing/failed pile guides and rollers; replacement or retrofitting of south harbor gangways with aluminum non-skid ramps; brow piers in need of retrofitting or reconstruction, and partial re-decking of docks in the south harbor in advance of full reconstruction. This project would involve installation/replacement of the highest priority facilities.

DREDGING EQUIPMENT

The FY12 proposed budget includes a contribution in the amount of \$200,000 to the Dredge Intermediate Fund for various upgrades and repairs as shown in the table below.

Asset	Item	Estimated Cost
<i>Dauntless</i>	Propellers (2)	6,000
	Shafts Cutlass (2)	10,000
	Engine Overhaul -3306 port	15,000
	Engine Overhaul - 3306 starboard	15,000
<i>Seabright</i>	Heat Exchangers	36,000
	Generator - Deutz Auxiliary	14,000
	Suction Through-Hull	20,000
Forklift	Electrical, fuel gage, overhaul	20,000
<i>Squirt</i>	Engine Overhaul - GMC 871	15,000
Lorain	Maintenance / Repairs	10,000
Anchors	Replacements	6,000
Buoys	Service/Replace	3,000
Pontoons	Service/Replace	10,000
Rubber Hose	Purchase	10,000
TOTAL		\$ 200,000

In addition to the above-listed replacements/repairs, the dredge *Squirt* may be in need of approximately \$100,000 in upgrades, including replacement of the Cat C-9 diesel engine (\$80,000), and replacement of the cutter motor drive and shaft (\$20,000). These upgrades are not included in the FY 12 proposed budget, but could be added at a later date pending the recommendations of the dredge consultant.

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