SANTA CRUZ PORT DISTRICT
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PORT COMMISSIONERS
Toby Goddard
Reed Geisreiter
Stephen Reed
Bill Lee
Robert DeWitt

Special Closed and Regular Public Session of August 25, 2026

Santa Cruz Port Commission
MINUTES

Commission Members Present:

Reed Geisreiter	Chair
Robert DeWitt	Vice-chair *(Via Zoom)*
Toby Goddard	Commissioner
Stephen Reed	Commissioner
Bill Lee	Commissioner

SPECIAL PUBLIC SESSION – 4:30 PM

Chair Geisreiter convened the special public session at 4:30 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 4:30 PM, Chair Geisreiter announced that the Commission will meet in closed session to discuss agenda item 3.

SPECIAL CLOSED SESSION

3. Conference with Real Property Negotiators
   Property: 493B Lake Avenue
   Agency Designated Representative: H. MacLaurie
   Negotiating Parties: Johnny's Harborside Restaurant
   Under Negotiation: Lease

SPECIAL PUBLIC SESSION

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

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

Chair Geisreiter adjourned the special open session following the closed meeting at 5:20 PM.

REGULAR PUBLIC SESSION – 5:30 PM

Chair Geisreiter 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).

5. Pledge of Allegiance

6. Oral Communication

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

   The Commission expressed appreciation for the recently completed Harbor Beach refuse receptacle improvements.

   Commissioner Lee stated that he and Vice-chair DeWitt attended a ribbon-cutting ceremony for the completion of the new floating dock located at slip F-19 for the Santa Cruz Yacht Club Junior Sailing Program.

CONSENT AGENDA

7. Approval of Minutes
   a) Regular Public Meeting of July 28, 2026

8. Approval of Sublease Agreement – 2222 East Cliff Drive, Suite 234 (Subtenant: Monterey Bay Sanctuary Fund)

   Discussion: Commissioner Goddard expressed support for approval of the sublease agreement for 2222 East Cliff Drive, Suite 234, and noted the following items for correction in future sublease agreements:

   - The document should be titled “Sublease Agreement” rather than “Lease Agreement.”
   - The signage provisions should reflect the authority and requirements of the Port District rather than the County of Santa Cruz.
   - The premise map should be updated to reflect current suite numbers.

   MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Lee, to approve consent agenda items 7 and 8.
   - *Motion carried unanimously.*

REGULAR AGENDA

9. Review Draft FY26 Audited Financial Statement *(Discussed out of order)*

   Discussion: Port Director MacLaurie introduced Jared Solmonsen of the auditing firm, Nigro & Nigro, and thanked Finance Officer Eldridge for his efforts in completing the annual audit.

   Mr. Solmonsen reviewed the draft FY26 audit and reported that the District received a clean, unmodified opinion in all respects for the audit year ending

March 31, 2026. Mr. Solmonsen stated that the Port District did not adopt any new accounting policies in FY26.

Mr. Solmonsen highlighted the following:

- Operating revenues increased $386,634 from $11,527,842 to $11,914,476 from the prior fiscal year, primarily due to:
    - Berthing and services revenue increasing by $419k.
- Operating expenses decreased $1.4 million from $11,852,551 to $10,417,601 from the prior fiscal year. Contributing factors include:
    - Salaries and benefits decreased by $31k.
    - Facilities and maintenance expenses decreased by $1.1 million (primarily due to unanticipated storm expenses in FY25).
    - Insurance costs decreased by $424k.
- Non-operating revenues included:
    - Investment earnings of $737k.
    - Grants and contributions received $1.5 million.
    - The Port District received $630k in dredging reimbursements.
- Net cash flow increased by $10.3 million, largely due to:
    - Increased grant and contribution funding by $887k.
    - Increased operating revenues by $419k.
    - Increased principal received by $13.1 million.

In response to a question posed by Commissioner Goddard regarding the adjusting journal entries included in the audit, Finance Officer Eldridge stated that the adjustments primarily consisted of financial statement reclassifications and corrections to minor accounting errors. Mr. Solmonsen confirmed that no material internal control issues were identified.

The Commission provided direction to incorporate the following modification into the FY26 Audited Financial Statement for review and approval at the upcoming regular public session:

- Amend Note 12, Dredging Reimbursement, to reflect that the District entered into a renewal agreement with the U.S. Army Corps of Engineers on July 24, 2025, for annual maintenance dredging of the Santa Cruz Harbor federal navigation channel, and that the agreement exists in perpetuity.

Port Director MacLaurie stated that the final audit will be presented to the Commission for acceptance at the regular public session of September 22, 2026.

The Commission thanked staff for their efforts in preparing this year’s audit.

10. O'Neill Sea Odyssey Annual Presentation *(Discussed out of order)*

Discussion: Tracey Weiss, Executive Director of O'Neill Sea Odyssey (OSO), provided an overview of the OSO Program, emphasizing its continued growth and success in achieving program objectives.

Ms. Weiss reported that OSO celebrated its 30th anniversary on August 21, 2026, marking three decades of connecting more than 136,000 students with the Monterey Bay through ocean education.

Ms. Weiss stated that transportation costs remain a significant barrier to participation and introduced OSO's new Transportation for Ocean Stewards Fund, established to help offset transportation costs for schools with limited resources.

The Commission expressed appreciation for the program and its longstanding partnership with the harbor.

11. Approval of Additional Services Contract for 616 Atlantic Avenue – Rad Lab Designs, Inc.

Discussion: Port Director MacLaurie stated that the 616 Atlantic Avenue project has been placed on hold due to competing Port District priorities and that staff is preparing to reinitiate the project and advance the design through permitting in preparation for future construction. She stated that Rad Lab Designs, Inc. (Rad Lab) had previously completed architectural construction documents for the project, which must now be reviewed and updated for compliance with the updated 2025 California Building Standards Code, which became effective on January 1, 2026.

Port Director MacLaurie stated that Rad Lab's proposal for additional services includes $18,500 to reactivate the project and update the construction documents. Of the original $55,000 contract authorization, $44,125 has been expended, leaving an available balance of $10,875. Accordingly, an additional $8,500 is required to complete the proposed scope of work.

In response to a question posed by Commissioner Goddard regarding potential changes to the building code affecting the project, Port Director MacLaurie stated that any required updates would be determined through Rad Lab's review of the existing construction documents.

In response to a question posed by Commissioner Goddard, Port Director MacLaurie confirmed that the updated plans will be presented to the Commission for future review prior to submission to the California Coastal Commission.

MOTION: Motion made by Commissioner Reed, seconded by Commissioner Goddard, to authorize a contract amendment with Rad Lab Designs, Inc. for additional architectural design services for 616 Atlantic Avenue, in an amount not-to-exceed

$8,500, and approve an appropriation in the FY27 budget for the amount of the amendment.

- *Motion carried unanimously.*

12. Adopt Administrative Amendments to Port District Ordinance § 108, 401, and 412

Discussion: Port Director MacLaurie stated that at its regular public meeting on July 28, 2026, the Port Commission authorized legal advertisement of the proposed amendments to Ordinance Sections 108, 401, and 412. She stated that staff now recommends adoption of the revised ordinances, which will become effective thirty (30) days following adoption.

MOTION: Motion made by Commissioner Lee, seconded by Commissioner Goddard, to adopt revised Ordinance Sections 108, 401, and 412.

- *Motion carried unanimously.*

13. Approval of Revised Port District Slip License Agreement

Discussion: Port Director MacLaurie stated that the Policy / Operations Committee met on August 4, 2026, to review proposed revisions to the Port District Slip License Agreement. She stated that the proposed revisions are intended to clarify existing requirements, incorporate current Port District practices, strengthen provisions related to liability and enforcement, and eliminate outdated or redundant language. She stated that, if approved, the revised agreement will be used for all new slip licenses issued following adoption and that staff is also evaluating a process for obtaining electronic acceptance of the revised agreement from existing licensees.

An audience member expressed support for the revised Slip License Agreement and raised concerns regarding enforcement of Section 4, Conditions of Use. A brief discussion followed regarding enforcement of vessel use and condition requirements. Harbormaster Anderson stated that staff continue to work with vessel owners to address deteriorated or unused vessels and reported that more than 40 derelict vessels have been voluntarily surrendered for demolition over the past two years as a result of those efforts. He stated that the revised agreement provides staff with an additional enforcement tool.

The Commission reviewed and discussed the proposed revisions and expressed support for the revised Slip License Agreement as presented by staff.

Commissioner Goddard recommended one minor change to the signature page to remove the reference to the Santa Cruz Port District Board of Commissioners and identify the executing party as the Port District. The Commission expressed support for the revision.

MOTION: Motion made by Commissioner Goddard, seconded by Commissioner Reed, to approve the revised Slip License Agreement with the revision listed above.

- *Motion carried unanimously.*

14. Approval of Cash/Payroll Disbursements – July 2026 (*There was no discussion on this agenda item*)

MOTION: Motion made by Commissioner Goddard, seconded by Vice-chair DeWitt, to approve cash and payroll disbursements for July 2026, in the amount of $3,763,766.65.

- *Motion carried unanimously.*

INFORMATION

15. Port Director's Report (*There was no discussion on this agenda item*)

16. Harbormaster's Report

Harbormaster Anderson stated that work on the G & X Dock Replacement Project continues to progress. He stated that the new electrical pedestals incorporate more sensitive ground-fault protection, which has revealed pre-existing electrical deficiencies on some vessels. Staff is working with affected slip renters to identify and address the issues.

In response to a question posed by Commissioner Goddard, Harbormaster Anderson stated that the dock system for G & X Dock was supplied by a different manufacturer than the system used for Phase 1 of the FF-Dock Replacement Project and has some minor design differences. He stated that compatibility and other project considerations will be evaluated during the design of Phase 2 of the FF-Dock Replacement Project to determine the appropriate dock system.

Harbormaster Anderson provided an update on implementation of the ParkMobile parking payment system. He stated that required signage has been installed throughout the harbor, with installation in the launch ramp parking area to be completed by the end of the month.

A brief discussion ensued regarding the ParkMobile system. Staff stated that ParkMobile provides an additional payment option for visitors, while existing pay-and-display pay stations remain available in applicable parking areas. Staff stated that visitors may use the ParkMobile app, text message, or QR code to pay for parking and may extend their parking time without returning to a pay station. Staff confirmed that the District's parking enforcement procedures have been updated to accommodate ParkMobile payments.

17. Facilities Maintenance & Engineering Manager's Report

Facilities Maintenance & Engineering (FME) Manager Wulf reported that the *Twin Lakes* Dredge Haulout Project continues to progress, with painting underway. He stated that scaffolding for the temporary paint spray area is scheduled for removal on September 9, 2026, followed by reassembly of the dredge. Return to the water is anticipated in early October. He noted that permitted VOC limits have extended the duration of painting operations; however, the overall project remains within the anticipated completion period.

18. Murray Street Bridge Seismic Retrofit & Barrier Replacement Project Update

Port Director MacLaurie stated that the Murray Street Bridge Seismic Retrofit & Barrier Replacement Project remains on schedule and that the contractor continues to make progress on the sanitary sewer force main. She stated that the bridge is anticipated to reopen to one-way traffic in late September.

19. Financial Reports (*There was no discussion on this agenda item*)
   a) Comparative Seasonal Revenue Graph
   b) LAIF & CLASS Statements

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

21. Harbor Patrol Incident Response Report – July 2026 (*There was no discussion on this agenda item*)

22. Written Correspondence
   a) Letter from Tom Helman to Port Director MacLaurie and the Port Commission

A brief discussion ensued regarding Mr. Helman's parking concern and the implementation of ParkMobile. Staff clarified the available 30-minute customer parking options and stated that ParkMobile provides an additional payment option addressing the concern raised in his correspondence.

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

Chair Geisreiter adjourned the regular public session at 6:38 PM.

____
Reed Geisreiter, Chair

Santa Cruz Port District
Resolution 26-05
September 22, 2026

On the motion of ______________________

Duly seconded by _____________________

A resolution authorizing the Port Director to execute documents accepting a Surrendered and Abandoned Vessel Exchange (SAVE) Grant from the State of California Division of Boating and Waterways.

WHEREAS, the State of California Division of Boating and Waterways funds a Surrendered and Abandoned Vessel Exchange Program and,

WHEREAS, the Division of Boating and Waterways has approved an application by the Santa Cruz Port District to fund a $25,400 Surrendered and Abandoned Vessel Exchange for the purpose of reducing the number of abandoned vessels, eliminating the vessel lien process for those that are turned in, and reducing the overall cost to the Port District associated with storage and disposal of abandoned and derelict vessels; and,

WHEREAS, the terms of the contract expire on September 30, 2028; and,

WHEREAS, the Port District is required to fund a 10% matching contribution for participation in this grant program.

NOW, THEREFORE, BE IT RESOLVED that the Santa Cruz Port District Commission hereby authorizes the Port Director to execute contract documents for the Surrendered and Abandoned Vessel Exchange Program.

PASSED AND ADOPTED, by the Santa Cruz Port District Commission this 22nd day of September 2026, by the following vote:

AYES: ____

NOES: ____

ABSENT: ____

APPROVED BY:

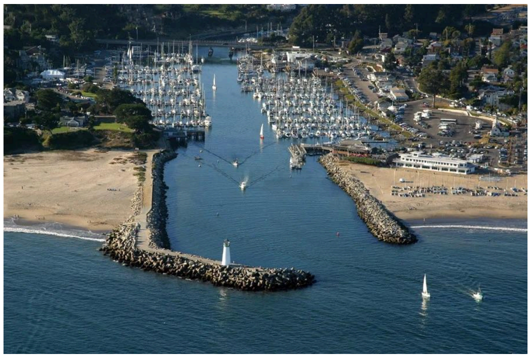
____

Reed Geisreiter, Chair
Santa Cruz Port Commission

MONTEREY BAY FISHERIES TRUST
Healthy Ocean • Thriving Fisheries • Resilient Communities

From Trends to Action: Strengthening Monterey Bay's Climate-Resilient Commercial Fisheries & Working Waterfronts

New report charts four decades of change in Monterey Bay's commercial fisheries



The Monterey Bay Fisheries Trust, in partnership with researchers from UC Santa Cruz, the Monterey Bay Aquarium, and Stanford Hopkins Marine Station, have released the report entitled *Monterey Bay Commercial Fisheries: Status and Trends*. Drawing on over 40 years of fishery activity data acquired from the California Department of Fish and Wildlife and the Pacific States Marine Fisheries Commission's Pacific Fisheries Information Network (PacFIN), the report provides the most comprehensive look in more than a decade at how Monterey Bay's commercial fisheries have changed over time. In short, the results indicate a smaller, more specialized industry whose future will depend in part on the resilience of its fishermen, ports, and seafood infrastructure.

The report provides an executive summary highlighting key trends, port-by-port summaries, data visualizations, and opportunities for future work. It is a baseline for further research and community dialogue, including gaining a better understanding of regional seafood supply chains, the broader economic contribution of commercial fishing, climate adaptation, and waterfront infrastructure and workforce needs.

The report looks at long term (1981-2024) and short term (2010-2024) trends in commercial fisheries in the Monterey Bay region, and also includes detailed summaries by port and across seven focal fisheries. The port of Santa Cruz is covered, including a summary of infrastructure and short description of the history of the port and current services provided.

Key Findings Include:

- The fleet is substantially smaller, but the story is not one of simple decline. Roughly 1,100 commercial fishing vessels landed at Monterey Bay ports in 1981, compared with an annual average of 313 from 2010–2024. Yet overall landings and ex-vessel value have fluctuated rather than followed a consistent downward trend.

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www.MontereyBayFisheriesTrust.org
101 Cooper Street, Santa Cruz, CA 95060

- The region continues to support a significant seafood economy. From 2010–2024, Monterey Bay ports averaged nearly 45 million pounds of seafood landed annually, worth $18.6 million at the dock. Market squid accounts for much of the region's dramatic year-to-year variation.
- The three ports play distinctly different, yet interconnected roles. Santa Cruz supports a smaller-scale, relatively diverse fleet with higher value per pound. Moss Landing is typically the region's highest-volume port, driven largely by market squid and coastal pelagic finfish. Monterey's landings are also strongly influenced by market squid, reaching nearly 68 million pounds in 2014 during an exceptional year for the fishery.
- Infrastructure remains a critical constraint. Access to ice, cold storage, gear storage, hoists, processing, and other essential services varies considerably among the three ports. Aging or inadequate infrastructure at all ports presents ongoing challenges for fishermen and seafood businesses.
- Climate risks will be uneven across the fleet. An assessment extending through 2060 found that Santa Cruz, which is dependent on the salmon and Dungeness crab fisheries, faces the greatest potential climate impacts. Moss Landing and Monterey, both dependent on the market squid fishery, face moderate potential impacts. However, Santa Cruz-based fishing vessels had some of the most diverse harvest portfolios and therefore an overall higher adaptive capacity.

What's Next

Developed as part of the Future of Blue Initiative, the report is intended to spark community conversations, and build a shared understanding and future strategies among fishermen, resource managers, researchers, community leaders, and those who care about the future of Monterey Bay's fishing industry.

Read the report and explore the findings:
https://www.montereybayfisheriestrust.org/future-of-blue/trends-report

Recording of the webinar:
https://youtu.be/cvARA9L3YZ0?si=2ne_hVpz48YA35qo

Community Meeting schedule:
Monterey: Oct 20th, 9:30-130pm (El Estero Community)
Moss Landing: Oct 26th, 9-4pm (Moss Landing Marine Laboratories)
Santa Cruz: Nov 2nd, 9:30-1:30pm (SC Harbor Community Meeting Room)

Interested? To register for an upcoming commercial fishing community discussion, please contact Emily Hess at ehess@mbfishtrust.org or (831) 717-8809.

Funding for the creation of this report was provided by: Community Foundation for Monterey County; County of Monterey; Monterey Bay Aquarium; Resources Legacy Fund; and The Campbell Foundation

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TO: Port Commission

FROM: Mark Eldridge, Finance Officer

DATE: September 14, 2026

SUBJECT: Acceptance of Final FY26 Audited Financial Statements

Recommendation: ***Accept the FY26 audited financial statements.***

BACKGROUND

At the Port Commission meeting of August 25, 2026, Nigro & Nigro (N&N) partner, Jared Solmonsen, reviewed the draft FY26 audit. N&N's opinion was unmodified, meaning the District received a clean audit. The audit is appended as Attachment A.

Based on input received from the Commission during the review of the draft audit, the following revision has been incorporated:

- Note 12 – Dredging Reimbursement has been modified to reflect that the District entered into a renewal agreement with the Department of the Army Corps of Engineers on July 24, 2025, which remains in effect in perpetuity.

ANALYSIS

Staff recommends acceptance of the final FY26 audit.

The District's Debt Service Ratio (DSR) report has been prepared for PNC Bank in accordance with loan agreements. The DSR report is included as Attachment B, and indicates that the FY26 DSR exceeds the minimum 1.25 covenant.

IMPACT ON PORT DISTRICT RESOURCES

There is no cost to the Port District associated with accepting the audited financial statement.

ATTACHMENTS: A. Audited Financial Statement as of March 31, 2026
B. FY26 Debt Service Ratio Report

SANTA CRUZ PORT DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Years Ended
March 31, 2026
(With Comparative Amounts as of March 31, 2025)

NIGRO & NIGRO PC

SANTA CRUZ PORT DISTRICT
For the Fiscal Years Ended March 31, 2026
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NIGRO & NIGRO PC

A Professional Accountancy Corporation

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, 2026, 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, 2026, 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 District 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 District'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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
Jessica Miller, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA | Oscar Gonzalez, CFE

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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 District's Proportionate Share of the Plan's Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, and Schedule of Changes in the District's Total 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, 2025, 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 August 25, 2026, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Walnut Creek, California
August 25, 2026

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, 2026. 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 2026, the District's net position increased 15.39%, or $5,618,601 from the prior year's net position of $36,512,255 to $42,130,854, as a result of the year's operations.

- In fiscal year 2026, operating revenues increased by 3.35%, or $386,634 from $11,527,842 to $11,914,476 from the prior year, primarily due to a $419,493 increase in charges for berthing and services.

- In fiscal year 2026, operating expenses before depreciation expense decreased by 12.11% or $1,434,950 from $11,852,551 to $10,417,601, from the prior year, primarily due to a $2,092,939 decrease in facilities and maintenance expense due to less repair expenses due to storm damage in the previous year.

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.

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

	March 31, 2026	March 31, 2025	Change
Assets:			
Current assets	$ 17,921,498	$ 21,001,781	$ (3,080,283)
Noncurrent	25,087,094	12,769,964	12,317,130
Capital assets, net	40,109,615	36,100,974	4,008,641
Total assets	83,118,207	69,872,719	13,245,488
Deferred outflows of resources	1,605,116	1,654,792	(49,676)
Total assets and deferred outflows of resources	$ 84,723,323	$ 71,527,511	$ 13,195,812
Liabilities:			
Current liabilities	$ 6,323,578	$ 9,446,051	$ (3,122,473)
Noncurrent liabilities	24,745,456	13,674,933	11,070,523
Total liabilities	31,069,034	23,120,984	7,948,050
Deferred inflows of resources	11,523,434	11,894,273	(370,839)
Net position:			
Net investment in capital assets	33,208,820	27,926,630	5,282,190
Restricted	993,475	1,081,801	(88,326)
Unrestricted	7,928,560	7,503,823	424,737
Total net position	42,130,855	36,512,254	5,618,601
Total liabilities, deferred inflows and net position	$ 84,723,323	$ 71,527,511	$ 13,195,812

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 $42,130,855 and $36,512,254 as of March 31, 2026, and 2025, respectively.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)
By far the largest portion of the District's net position (48% as of March 31, 2026, and 76% as of March 31, 2025) 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 2026 and 2025, the District showed a positive balance in its unrestricted net position of $7,928,560 and $7,503,823, respectively, which may be utilized in future years.

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

	March 31, 2026	March 31, 2025	Change
Revenues:			
Operating revenues	$ 11,914,476	$ 11,527,842	$ 386,634
Non-operating revenues	3,073,294	2,256,097	817,197
Total revenues	14,987,770	13,783,939	1,203,831
Expenses:			
Operating expenses	10,513,644	11,852,551	(1,338,907)
Depreciation	2,248,092	2,100,035	148,057
Non-operating expenses	320,750	296,226	24,524
Total expenses	13,082,486	14,248,812	(1,166,326)
Capital contributions	3,713,317	266,140	3,447,177
Change in net position	5,618,601	(198,733)	5,817,334
Net position:			
Beginning of year	36,512,254	36,710,987	(198,733)
End of year	$ 42,130,855	$ 36,512,254	$ 5,618,601

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 $5,618,600 and decreased $198,733 for the years ended March 31, 2026, and 2025, respectively.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

Operating revenues:	**March 31, 2026**	**March 31, 2025**	**Change**
Charges for berthing and services	$ 9,468,559	$ 9,049,066	$ 419,493
Rents and concessions	2,445,917	2,478,776	(32,859)
Total operating revenues	11,914,476	11,527,842	386,634
Non-operating revenues:			
Investment earnings	737,486	951,333	(213,847)
Grants and contributions	1,583,166	695,756	887,410
Dredging reimbursement	630,000	525,000	105,000
Other non-operating revenues	122,642	84,008	38,634
Total non-operating revenues	3,073,294	2,256,097	817,197
Capital contributions	3,713,317	266,140	3,447,177
Total revenue	$ 18,701,087	$ 14,050,079	$ 4,651,008

In fiscal year 2026, operating revenues increased by 3.35%, or $386,634 from $11,527,842 to $11,914,476 from the prior year, primarily due to a $419,493 increase in charges for berthing and services. Non-operating revenue increased by $817,197 primarily due to an increase in grants and contributions.

Total Expenses

Operating expenses:	**March 31, 2026**	**March 31, 2025**	**Change**
Salaries and benefits	$ 5,362,387	$ 5,393,455	$ (31,068)
Facilities and maintenance	704,398	1,872,958	(1,168,560)
Professional and legal	447,069	421,217	25,852
Materials and services	2,615,161	2,452,318	162,843
Insurance	1,288,586	1,712,603	(424,017)
Total operating expenses	10,417,601	11,852,551	(1,434,950)
Depreciation	2,248,092	2,100,035	148,057
Non-operating expenses:			
Interest expense – long-term debt	320,750	296,226	24,524
Cost of debt issuance	96,043	-	96,043
Total non-operating expenses	416,793	296,226	120,567
Total expenses	$ 13,082,486	$ 14,248,812	$ (1,166,326)

In fiscal year 2026, operating expenses before depreciation expense decreased by 12.11% or $1,434,950 from $11,852,551 to $10,417,601, from the prior year, primarily due to a $2,092,939 decrease in facilities and maintenance expense due to less repair expenses due to storm damage in the previous year.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Capital Assets

Description	March 31, 2026	March 31, 2025
Non-depreciable assets	$ 4,077,970	$ 3,624,394
Depreciable assets	78,199,427	73,565,446
Accumulated depreciation	(42,167,782)	(41,088,866)
Total capital assets, net	$ 40,109,615	$ 36,100,974

At the end of fiscal year 2026, and 2025, the District's investment in capital assets amounted to $40,109,615, and $36,100,974 (net of accumulated depreciation), respectively. Capital asset additions amounted to $6,256,732 for various projects and equipment for the year ended March 31, 2026. See Note 5 for further information.

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

Description	March 31, 2026	March 31, 2025
Long-term debt	$ 20,000,795	$ 8,174,344

Long-term debt increased by $11,826,450 for the year ended March 31, 2026, due to the issuance of a new revenue obligation bond. 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, 2026 (With Comparative Amounts as of March 31, 2025)

ASSETS	2026	2025
Current assets:		
Cash and investments (Note 2)	$ 16,350,897	$ 19,668,347
Accrued interest receivable	3,126	3,366
Accrued interest receivable – leases	30,725	32,950
Accounts receivable	514,518	301,516
Lease receivable (Note 4)	773,501	794,671
Materials and supplies inventory	26,627	20,435
Prepaid items	222,104	180,496
Total current assets	17,921,498	21,001,781
Non-current assets:		
Restricted – cash and cash equivalents (Note 3)	14,093,475	1,081,801
Lease receivable (Note 4)	10,993,619	11,688,163
Capital assets – not being depreciated (Note 5)	4,077,970	3,624,394
Capital assets – being depreciated, net (Note 5)	36,031,645	32,476,580
Total non-current assets	65,196,709	48,870,938
Total assets	83,118,207	69,872,719
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions (Note 9)	1,371,500	1,515,801
Deferred outflows of resources related to OPEB (Note 10)	233,616	138,991
Total deferred outflows of resources	1,605,116	1,654,792
Total assets and deferred outflows of resources	$ 84,723,323	$ 71,527,511

SANTA CRUZ PORT DISTRICT

Balance Sheets (continued)

For the Years Ended March 31, 2026 (With Comparative Amounts as of March 31, 2025)

LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	$ 568,064	$ 392,392
Customer deposits and unearned revenue (Note 6)	3,920,627	7,593,015
Accrued interest payable	102,504	40,388
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	142,945	146,707
Loans payable (Note 8)	1,017,862	1,057,521
Revenue obligations payable (Note 8)	571,576	216,028
Total current liabilities	6,323,578	9,446,051
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	333,537	342,316
Loans payable (Note 8)	4,000,067	5,017,929
Revenue obligations payable (Note 8)	14,411,290	1,882,866
Total OPEB liability (Note 10)	891,895	707,562
Net pension liability (Note 9)	5,108,667	5,724,260
Total non-current liabilities	24,745,456	13,674,933
Total liabilities	31,069,034	23,120,984
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to leases (Note 4)	10,410,903	11,410,945
Deferred inflows of resources related to pensions (Note 9)	826,684	156,390
Deferred inflows of resources related to OPEB (Note 10)	285,847	326,938
Total deferred inflows of resources	11,523,434	11,894,273
NET POSITION		
Net investment in capital assets (Note 11)	33,208,820	27,926,630
Restricted for debt service (Note 3)	993,475	1,081,801
Unrestricted	7,928,560	7,503,823
Total net position	42,130,855	36,512,254
Total liabilities, deferred inflows of resources and net position	$ 84,723,323	$ 71,527,511

SANTA CRUZ PORT DISTRICT

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended March 31, 2026 (With Comparative Amounts as of March 31, 2025)

	2026	2025
OPERATING REVENUES		
Charges for berthing and services	$ 9,468,559	$ 9,049,066
Rents and concessions	2,445,917	2,478,776
Total operating revenues	11,914,476	11,527,842
OPERATING EXPENSES		
Salaries and benefits	5,362,387	5,393,455
Facilities and maintenance	704,398	1,872,958
Professional and legal services	447,069	421,217
Materials and services	2,615,161	2,452,318
Insurance	1,288,586	1,712,603
Total operating expenses before depreciation	10,417,601	11,852,551
Operating income(loss) before depreciation	1,496,875	(324,709)
Depreciation expense	(2,248,092)	(2,100,035)
Operating income(loss)	(751,217)	(2,424,744)
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	737,486	951,333
Interest expense – long-term debt	(320,750)	(296,226)
Grants and contributions	1,583,166	695,756
Dredging reimbursement (Note 12)	630,000	525,000
Cost of debt issuance	(96,043)	-
Other non-operating revenues	122,642	84,008
Total non-operating revenue(expense), net	2,656,501	1,959,871
Net income(loss) before capital contributions	1,905,284	(464,873)
CAPITAL CONTRIBUTIONS		
Local capital contributions	3,713,317	266,140
Total capital contributions	3,713,317	266,140
Change in net position	5,618,601	(198,733)
Net position:		
Beginning of year	36,512,254	36,710,987
End of year	$ 42,130,855	$ 36,512,254

SANTA CRUZ PORT DISTRICT

Statements of Cash Flows

For the Years Ended March 31, 2026 (With Comparative Amounts as of March 31, 2025)

	2026	2025
Cash flows from operating activities:		
Cash receipts from customers and others	$ 11,552,709	$ 11,096,179
Cash paid to employees for salaries and benefits	(5,127,309)	(4,605,003)
Cash paid to vendors and suppliers for materials and services	(4,927,342)	(6,524,945)
Net cash provided by (used in) operating activities	1,498,058	(33,769)
Cash flows from non-capital financing activities:		
Grant and contribution funding	1,583,166	695,756
Dredging reimbursement	472,500	525,000
Other non-operating revenue	122,642	84,008
Net cash provided by non-capital financing activities	2,178,308	1,304,764
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(6,191,642)	(2,380,185)
Proceeds from local capital contributions	-	2,490,377
Proceeds from revenue obligation	13,100,000	-
Cost of debt issuance	(96,043)	-
Principal paid on long-term debt	(1,273,549)	(1,413,057)
Interest paid on long-term debt	(258,634)	(296,226)
Net cash provided by (used in) capital and related financing activities	5,280,132	(1,599,091)
Cash flows from investing activities:		
Investment earnings	737,726	951,333
Net cash provided by investing activities	737,726	951,333
Net increase in cash and cash equivalents	9,694,224	623,237
Cash and cash equivalents:		
Beginning of year	20,750,148	20,126,911
End of year	$ 30,444,372	$ 20,750,148

Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and investments	$ 16,350,897	$ 19,668,347
Restricted assets – cash and cash equivalents	14,093,475	1,081,801
Total cash and cash equivalents	$ 30,444,372	$ 20,750,148

SANTA CRUZ PORT DISTRICT

Statements of Cash Flows (continued)

For the Years Ended March 31, 2026 (With Comparative Amounts as of March 31, 2025)

	2026	2025
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:		
Operating income(loss)	$ (751,217)	$ (2,424,744)
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:		
Depreciation	2,248,092	2,100,035
Change in assets – (increase)decrease:		
Accounts receivable	(55,502)	(105,436)
Lease receivable	717,939	722,470
Materials and supplies inventory	(6,192)	(1,935)
Prepaid items	(41,608)	(50,091)
Change in deferred outflows of resources – (increase)decrease		
Deferred outflows of resources related to pensions	144,301	593,288
Deferred outflows of resources related to OPEB	(94,625)	24,582
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	175,672	(13,823)
Customer deposits and unearned revenue	(24,162)	(7,886)
Compensated absences	(12,541)	317,569
Total OPEB liability	184,333	59,329
Net pension liability	(615,593)	(60,153)
Change in deferred inflows of resources – increase(decrease)		
Deferred inflows of resources related to leases	(1,000,042)	(1,040,811)
Deferred inflows of resources related to pensions	670,294	(113,829)
Deferred inflows of resources related to OPEB	(41,091)	(32,334)
Total adjustments	2,249,275	2,390,975
Net cash provided by (used in) operating activities	$ 1,498,058	$ (33,769)

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 Commissioners, 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 workforce. 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 district 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.

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. Materials and Supplies 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. Prepaids

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.

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 employee benefits provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination. Cash payment for all unused sick leave is available at 50% of the employee's current pay rate upon retirement or termination. The cost of vacation is recorded in the period accrued.

In accordance with GASB No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences and the District's portion of Social Security and Medicare taxes.

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, 2024
Measurement Date June 30, 2025
Measurement Period July 1, 2024 to June 30, 2025

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

For purposes of measuring the Total 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, 2025
Measurement Date March 31, 2025
Measurement Period April 1, 2024 to March 31, 2025

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.

NOTE 2 – CASH AND INVESTMENTS

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

Description	March 31, 2026
Cash and investments	$ 16,350,897
Restricted – cash and cash equivalents	14,093,475
Total	$ 30,444,372

Cash and investments consisted of the following:

Description	March 31, 2026
Cash on hand	$ 3,200
Deposits held with financial institutions	763,953
Deposits in Local Agency Investment Fund (LAIF)	318,980
Deposits in California CLASS	28,258,766
Deposits in money-market funds	1,099,473
Total	$ 30,444,372

Demand Deposits

At March 31, 2026, the carrying amount of the District's demand deposits was $763,953, and the financial institution balance was $1,177,243. The $413,290 net difference as of March 31, 2026, 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.

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 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, 2026, the District held $318,980 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 AAAf/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, 2026, the District held $28,258,766 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, 2026, the District held $1,099,473, 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, 2026, 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 AAAf/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.

NOTE 3 – RESTRICTED – ASSETS AND RESTRICTED – NET POSITION

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

Description	March 31, 2026
Unspent proceeds from bond issuance	$ 13,100,000
Money-market funds held for debt service reserves	993,475
Total restricted assets	14,093,475
Less: Unspent proceeds from bond issuance	(13,100,000)
Total restricted – net position	$ 993,475

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, 2026, were as follows:

Description	Balance April 1, 2024	Additions	Deductions	Adjustments	Balance March 31, 2025
State Farm	$ 51,217	$ -	$ (38,143)	$ -	$ 13,074
O'neill Sea Odyssey	397,429	-	(23,551)	-	373,878
Santa Cruz Yacht Club	2,480,893	-	(80,678)	-	2,400,215
Pacific Yachting & Sailing	33,439	-	(14,900)	-	18,539
Chardonnay	11,146	-	(4,966)	-	6,180
Bayside Marine	349,706	-	(34,549)	-	315,157
UCSC	15,843	-	(12,615)	-	3,228
Beacon Pointe Advisors, LLC	47,875	-	(47,875)	-	-
Intero Real Estate	328,912	-	(97,330)	-	231,582
Johnny's Harborside Restaurant	1,823,085	-	(54,448)	-	1,768,637
H&H Fresh Fish	46,146	-	(15,416)	-	30,730
Java Junction	442,673	-	(76,856)	-	365,817
Cafe El Palomar	1,573,112	-	(122,065)	-	1,451,047
Crow's Nest Beach Market	718,596	-	(68,075)	-	650,521
Crow's Nest	4,162,762	-	(220,021)	195,774	4,138,515
Total lease receivable	$ 12,482,834	$ -	$ (911,488)	$ 195,774	$ 11,767,120

The District is the lessor of 15 individual land and improvements leases under 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.

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

The District is reporting a total lease receivable of $11,767,120 and a total related deferred inflows of resources of $10,410,903 for the year ending March 31, 2026. Also, the District is reporting total lease revenue of $1,050,696 and interest revenue of $390,477 related to lease payments received for the year ending March 31, 2026. The District's leases are summarized as follows:

State Farm
The District, on June 1, 2022, entered into a lease agreement for 50 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $145,167. As of March 31, 2026, the value of the lease receivable was $13,074. The lease is required to make monthly fixed payments of $2,961 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 3.00%. The value of the deferred inflow of resources was $11,844 as of March 31, 2026. The District recognized lease revenue of $35,533 and interest revenue of $809 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

O'neill Sea Odyssey
The District, on June 1, 2022, entered into a lease agreement for 258 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $452,737. As of March 31, 2026, the value of the lease receivable was $373,878. The lease is required to make monthly fixed payments of $1,759 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 3.00%. The value of the deferred inflow of resources was $374,562 as of March 31, 2026. The District recognized lease revenue of $21,102 and interest revenue of $12,542 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

Santa Cruz Yacht Club
The District, on May 1, 2022, entered into a lease agreement for 240 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $2,671,100. As of March 31, 2026, the value of the lease receivable was $2,400,215. The lease is required to make monthly fixed payments of $11,180 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 3.00%. The value of the deferred inflow of resources was $2,157,690 as of March 31, 2026. The District recognized lease revenue of $134,157 and interest revenue of $79,460 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

Pacific Yachting and Sailing
The District, on April 1, 2022, continued a lease agreement for 62 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $72,127. As of March 31, 2026, the value of the lease receivable was $18,539. The lease is required to make monthly fixed payments of $1,182 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 2.42%. The value of the deferred inflow of resources was $16,550 as of March 31, 2026. The District recognized lease revenue of $14,185 and interest revenue of $615 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

Chardonnay
The District, on April 1, 2022, continued a lease agreement for 62 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $24,046. As of March 31, 2026, the value of the lease receivable was $6,180. The lease is required to make monthly fixed payments of $394 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $5,518 as of March 31, 2026. The District recognized lease revenue of $4,729 and interest revenue of $205 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Bayside Marine
The District, on April 1, 2022, continued a lease agreement for 130 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $436,540. As of March 31, 2026, the value of the lease receivable was $315,157. The lease is required to make monthly fixed payments of $3,384 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 3.00%. The value of the deferred inflow of resources was $277,511 as of March 31, 2026. The District recognized lease revenue of $40,611 and interest revenue of $10,793 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

UCSC
The District, on April 1, 2022, continued a lease agreement for 51 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $48,665. As of March 31, 2026, the value of the lease receivable was $3,228. The lease is required to make monthly fixed payments of $973 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $2,918 as of March 31, 2026. The District recognized lease revenue of $11,670 and interest revenue of $220 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

Beacon Pointe Advisors, LLC
The District, on April 1, 2022, continued a lease agreement for 45 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $235,126. As of March 31, 2026, the value of the lease receivable was $0. The lease is required to make monthly fixed payments of $5,467 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 3.00%. The value of the deferred inflow of resources was $0 as of March 31, 2026. The District recognized lease revenue of $43,740 and interest revenue of $368 during the fiscal year. The lessee will be evaluated by the District for future extensions and has ended as of March 31, 2026.

Intero Real Estate
The District, on April 1, 2022, continued a lease agreement for 113 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $581,398. As of March 31, 2026, the value of the lease receivable was $231,582. The lease is required to make monthly fixed payments of $7,962 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $207,022 as of March 31, 2026. The District recognized lease revenue of $95,548 and interest revenue of $6,689 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

Johnny's Harborside Restaurant
The District, on April 1, 2022, continued a lease agreement for 74 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $1,950,175. As of March 31, 2026, the value of the lease receivable was $1,768,637. The lease is required to make monthly fixed payments of $8,403 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 3.00%. The value of the deferred inflow of resources was $1,554,468 as of March 31, 2026. The District recognized lease revenue of $100,830 and interest revenue of $58,476 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

H&H Fresh Fish

The District, on April 1, 2022, continued a lease agreement for 70 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $85,885. As of March 31, 2026, the value of the lease receivable was $30,730. The lease is required to make monthly fixed payments of $1,244 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $27,373 as of March 31, 2026. The District recognized lease revenue of $14,931 and interest revenue of $915 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

Java Junction

The District, on April 1, 2022, continued a lease agreement for 97 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $641,389. As of March 31, 2026, the value of the lease receivable was $365,817. The lease is required to make monthly fixed payments of $6,679 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $327,287 as of March 31, 2026. The District recognized lease revenue of $80,152 and interest revenue of $9,709 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

Café El Palomar

The District, on April 1, 2022, continued a lease agreement for 112 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $1,877,309. As of March 31, 2026, the value of the lease receivable was $1,451,047. The lease is required to make monthly fixed payments of $12,771 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 3.00%. The value of the deferred inflow of resources was $1,277,135 as of March 31, 2026. The District recognized lease revenue of $153,256 and interest revenue of $49,139 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

Crow's Nest Beach Market

The District, on April 1, 2022, continued a lease agreement for 132 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $882,899. As of March 31, 2026, the value of the lease receivable was $650,521. The lease is required to make monthly fixed payments of $6,686 for the first 12-month period, then increases annually based on the CPI index. The lease has an interest rate of 3.00%. The value of the deferred inflow of resources was $568,304 as of March 31, 2026. The District recognized lease revenue of $80,231 and interest revenue of $22,230 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Crow's Nest
The District, on April 1, 2022, continued a lease agreement for 248 months as lessor for the use of District property. An initial lease receivable was recorded in the amount of $4,547,441. As of March 31, 2026, the value of the lease receivable was $4,138,515. The lease is required to make monthly fixed payments of $18,335 for the first 12-month period, then increases annually based on the CPI index. As of March 31, 2026 the lease interest rate increased from 3.26% to 4.12% and the lease receivable and deferred inflow of resources balances were adjusted accordingly. The value of the deferred inflow of resources was $3,602,721 as of March 31, 2026. The District recognized lease revenue of $220,022 and interest revenue of $138,307 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

Minimum future lease receipts are as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 773,501	$ 367,106	$ 1,140,607
2028	794,775	343,475	1,138,250
2029	734,860	319,763	1,054,623
2030	718,997	319,763	1,038,760
2031	755,859	296,562	1,052,421
2032-2036	3,455,849	1,118,712	4,574,561
2037-2041	3,469,576	585,298	4,054,874
2042-2044	1,063,703	76,120	1,139,823
Total	11,767,120	$ 3,426,799	$ 15,193,919
Current	(773,501)		
Long-term	$ 10,993,619		

Changes in the District's deferred inflows of resources related to leases for March 31, 2026, were as follows:

Description	Balance April 1, 2024	Additions	Deductions	Adjustments	Balance March 31, 2025
State Farm	$ 47,377	$ -	$ (35,533)	$ -	$ 11,844
O'neill Sea Odyssey	395,664	-	(21,102)	-	374,562
Santa Cruz Yacht Club	2,291,847	-	(134,157)	-	2,157,690
Pacific Yachting & Sailing	30,735	-	(14,185)	-	16,550
Chardonnay	10,247	-	(4,729)	-	5,518
Bayside Marine	318,122	-	(40,611)	-	277,511
UCSC	14,588	-	(11,670)	-	2,918
Beacon Pointe Advisors, LLC	43,740	-	(43,740)	-	-
Intero Real Estate	302,570	-	(95,548)	-	207,022
Johnny's Harborside Restaurant	1,655,298	-	(100,830)	-	1,554,468
H&H Fresh Fish	42,304	-	(14,931)	-	27,373
Java Junction	407,439	-	(80,152)	-	327,287
Cafe El Palomar	1,430,391	-	(153,256)	-	1,277,135
Crow's Nest Beach Market	648,535	-	(80,231)	-	568,304
Crow's Nest	3,772,088	-	(188,267)	18,900	3,602,721
Total lease receivable	$ 11,410,945	$ -	$ (1,018,942)	$ 18,900	$ 10,410,903

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

The amounts reported as deferred inflows of resources related to leases for the year ended March 31, 2026, will be amortized in future periods as follows:

Amortization Period Fiscal Year Ended March 31	Deferred Inflows of Resources
2027	$ 974,516
2028	941,503
2029	846,285
2030	830,360
2031	756,888
Thereafter	6,061,351
	$ 10,410,903

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended March 31, 2026, were as follows:

Description	Balance April 1, 2025	Additions	Deletions/ Transfers	Balance March 31, 2026
Non-depreciable assets:				
Land	$ 2,201,360	$ -	$ -	$ 2,201,360
Construction-in-process	1,423,034	733,450	(279,874)	1,876,610
Total non-depreciable assets	3,624,394	733,450	(279,874)	4,077,970
Depreciable assets:				
Structures and improvements	33,552,205	1,822,185	-	35,374,390
Docks	28,378,419	3,538,958	(743,300)	31,174,077
Equipment	11,580,448	422,766	(413,155)	11,590,059
Office equipment	54,374	19,247	(12,720)	60,901
Total depreciable assets	73,565,446	5,803,156	(1,169,175)	78,199,427
Accumulated depreciation:				
Structures and improvements	(23,376,181)	(633,267)	-	(24,009,448)
Docks	(11,790,580)	(1,095,736)	743,300	(12,143,016)
Equipment	(5,867,731)	(518,613)	413,155	(5,973,189)
Office equipment	(54,374)	(475)	12,720	(42,129)
Total accumulated depreciation	(41,088,866)	(2,248,091)	1,169,175	(42,167,782)
Total depreciable assets, net	32,476,580	3,555,065	-	36,031,645
Total capital assets, net	$ 36,100,974	$ 4,288,515	$ (279,874)	$ 40,109,615

NOTE 6 – CUSTOMER DEPOSITS AND UNEARNED REVENUE

Customer deposits and unearned revenue consisted of the following:

Description	March 31, 2026
Prepaid slip rent	$ 244,053
Slip and key deposits	442,841
Unearned revenue – Murray St. Bridge Project	3,233,733
Total	$ 3,920,627

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. In the fiscal year ending March 31, 2025, the District received an additional $2,490,377 from the City of Santa Cruz for the Murray Street Bridge project

The District recorded the initial $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, 2026, the District recognized $3,648,226 in capital contributions related to the agreement.

NOTE 7 – COMPENSATED ABSENCES

As of March 31, 2026, the total liability for compensated absences was $476,482, of which $142,945 is expected to be paid within one year and is reported as a current liability.

Balance April 1, 2025	Net Change	Balance March 31, 2026	Due Within One Year	Due in More Than One Year
$ 489,023	$ (12,541)	$ 476,482	$ 142,945	$ 333,537

NOTE 8 – LONG-TERM DEBT

Changes in long-term debt for the year ended March 31, 2026, were as follows:

Long-Term Debt	Balance April 1, 2025	Additions/ Adjustments	Payments/ Amortization	Balance March 31, 2026	Current Portion	Non-Current Portion
497 Lake avenue loan	$ 893,093	$ -	$ (19,048)	$ 874,045	$ 19,824	$ 854,221
PNC bank loan– taxable	99,656	-	(84,893)	14,763	14,763	-
PNC bank loan– non-taxable	5,082,701	-	(953,580)	4,129,121	983,275	3,145,846
Loans payable	6,075,450	-	(1,057,521)	5,017,929	1,017,862	4,000,067
Revenue obligation payable – 2018A	1,096,438	-	(112,851)	983,587	116,835	866,752
Revenue obligation payable – 2018B	1,002,456	-	(103,177)	899,279	106,821	792,458
Revenue obligations payable, net – 2018	2,098,894	-	(216,028)	1,882,866	223,656	1,659,210
Revenue obligation payable – 2026	-	13,100,000	-	13,100,000	347,920	12,752,080
Total long-term debt	$ 8,174,344	$ 13,100,000	$ (1,273,549)	$ 20,000,795	$ 1,589,438	$ 18,411,357

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.

Annual debt service requirements for loan payable are as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 19,824	$ 34,601	$ 54,425
2028	20,632	33,793	54,425
2029	21,473	32,953	54,426
2030	22,348	32,078	54,426
2031	23,258	31,167	54,425
2032-2036	131,300	140,827	272,127
2037-2041	160,316	111,811	272,127
2042	474,894	13,890	488,784
Total	874,045	$ 431,120	$ 1,305,165
Less: current	(19,824)		
Non-current	$ 854,221		

NOTE 8 – LONG-TERM DEBT (continued)

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. The proceeds of the loan were used to pay off the existing Series 2004C revenue bonds, as well as to provide funding to pay off the OE3 pension liability. The 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:

Fiscal Year	Principal	Interest	Total
2027	$ 14,763	$ 525	$ 15,288
Total	14,763	$ 525	$ 15,288
Less: current	(14,763)		
Non-current	$ -		

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. The 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:

Fiscal Year	Principal	Interest	Total
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	4,129,121	$ 283,956	$ 4,413,077
Less: current	(983,275)		
Non-current	$ 3,145,846		

NOTE 8 – LONG-TERM DEBT (continued)

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:

Fiscal Year	Principal	Interest	Total
2027	$ 116,835	$ 33,412	$ 150,247
2028	120,961	29,287	150,248
2029	125,231	25,016	150,247
2030	129,653	20,595	150,248
2031	134,230	16,017	150,247
2032-2034	356,677	18,942	375,619
Total	983,587	$ 143,269	$ 1,126,856
Less: current	(116,835)		
Non-current	$ 866,752		

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:

Fiscal Year	Principal	Interest	Total
2027	$ 106,821	$ 30,548	$ 137,369
2028	110,592	26,777	137,369
2029	114,497	22,872	137,369
2030	118,540	18,830	137,370
2031	122,725	14,644	137,369
2032-2034	326,104	17,318	343,422
Total	899,279	$ 130,989	$ 1,030,268
Less: current	(106,821)		
Non-current	$ 792,458		

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, 2026, the District was in compliance with the covenant.

NOTE 8 – LONG-TERM DEBT (continued)

Revenue Obligations Payable – 2026
On March 1, 2016, the District entered into an installment sale agreement with Flagstar Public Funding Corp. to finance the Santa Cruz Harbor Repair Project through the issuance of $13,100,000 of 2026 Revenue Obligations. The agreement requires semiannual debt service payments of $68,684 beginning August 1, 2026, including interest at a rate of 4.12% per annum. In addition, a final balloon payment of $8,362,796, plus any accrued interest, is due on February 1, 2037. In connection with the issuance of the Revenue Obligations, the District incurred approximately $96,043 in debt issuance costs. In accordance with applicable accounting standards, these costs were expensed in the period incurred.

Annual debt service requirements for the 2026 Revenue Obligation payable are as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 347,920	$ 479,751	$ 827,671
2028	290,640	525,386	816,026
2029	336,816	513,411	850,227
2030	386,658	499,535	886,193
2031	532,686	483,604	1,016,290
2032-2036	3,011,280	2,070,169	5,081,449
2037	8,194,000	337,593	8,531,593
Total	13,100,000	$ 4,909,449	$ 18,009,449
Less: current	(347,920)		
Non-current	$ 12,752,080		

The borrowing agreements with Flagstar Public Funding Corp. for the taxable and tax-exempt loans, as well as the 2026 Revenue Obligations, contain a rate covenant requiring the District to maintain net revenues of at least 1.25 times annual debt service. As of March 31, 2026, the District was in compliance with this covenant.

NOTE 9 – PENSION PLAN

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

Description	2026
Pension related deferred outflows	$ 1,371,500
Net pension liability	5,108,667
Pension related deferred inflows	826,684

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".

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%	7.750%
Required employer contribution rates – FY 2025	13.410%	10.150%	7.870%

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, 2025 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, 2025, (Measurement Date) the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	Classic Tier 1 & 2	PEPRA Tier 3	Total
Active members	11	21	32
Transferred and terminated members	14	27	41
Retired members and beneficiaries	27	2	29
Total plan members	52	50	102

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.

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, 2026, were as follows:

	Miscellaneous Plans			
Contribution Type	**Classic Tier 1**	**Classic Tier 2**	**PEPRA Tier 3**	**Total**
Contributions – employer	$ 607,915	$ 31,166	$ 159,756	$ 798,837

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, 2025, and the total pension liability for each Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2024, rolled forward to June 30, 2025, 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.

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, 2025 (MD):

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2024 (Measurement Date)	$ 21,130,751	$ 15,406,491	$ 5,724,260
Balance as of June 30, 2025 (Measurement Date)	$ 21,965,130	$ 16,856,463	$ 5,108,667
Change in Plan Net Pension Liability	$ 834,379	$ 1,449,972	$ (615,593)

The District's proportionate share percentage of the net pension liability for the June 30, 2025, measurement date was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending March 31, 2026	Fiscal Year Ending March 31, 2025	Change Increase/ (Decrease)
Measurement Date	June 30, 2025	June 30, 2024	
Percentage of Risk Pool Net Pension Liability	0.128060%	0.080070%	0.047990%
Percentage of Plan (PERF C) Net Pension Liability	0.049940%	0.047200%	0.002740%

For the year ended March 31, 2026, the District recognized pension expense of $1,116,109. At March 31, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 646,839	$ -
Difference between actual and proportionate share of employer contributions	109,643	-
Adjustment due to differences in proportions	2,876	(135,425)
Differences between expected and actual experience	612,141	-
Differences between projected and actual earnings on pension plan investments	-	(691,259)
Total Deferred Outflows/(Inflows) of Resources	$ 1,371,499	$ (826,684)

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 $646,839 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, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at March 31, 2026 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
2027	$ 628,745
2028	(159,514)
2029	(307,373)
2030	(263,882)
Total	$ (102,024)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2025 (the measurement dates), the total pension liability was determined by rolling forward the June 30, 2024 total pension liability. The June 30, 2025 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

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.

Asset Class	Assumed Asset Allocation	Real Return [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%
	100.0%	

[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.

NOTE 9 – PENSION PLAN (continued)

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

Subsequent Events
There were no subsequent events that would materially affect the results presented in this disclosure.

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, 2026, (Measurement Date June 30, 2025) were as follows:

	Plan's Net Pension Liability		
Plan Type	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
CalPERS – Miscellaneous Plan	$ 8,072,811	$ 5,108,667	$ 2,669,207

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.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

Description		2026
OPEB related deferred outflows	$	233,616
Total other post-employment benefits obligation		891,895
OPEB related deferred inflows		285,847

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, 2025 measurement the following employees were covered by the benefit terms:

	2025
Inactive plan members or beneficiaries currently receiving benefit payments	4
Inactive plan members entitled to but not yet receiving benefit payments	16
Active plan members	32
Total	52

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, 2026 was $5,369.

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, 2026, the measurement period, the District's contributions totaling $11,753, included $4,208 in premium payments and an implied subsidy of $7,545, and $153 in administrative expenses.

B. Total OPEB Liability
The District's Total OPEB liability was measured as of March 31, 2025, and 2024, and the total OPEB liability used to calculate the Total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions
The total OPEB liability in the March 31, 2025, and 2024 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	March 31, 2025
Measurement Date	March 31, 2025
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	4.45%
Long-Term Expected Rate of Return on Investments	3.50%
Inflation	2.50%
Payroll increases	2.75%
Healthcare Trend Rates	Non-Medicare - 7.50% for 2027, decreasing to an ultimate rate of 3.53% in 2075. Medicare - 5.80% for 2027, decreasing to an ultimate rate of 3.53% in 2075.
Morbidity	CalPERS 2000-2019 Experience Study
Mortality	Projected fully generational with Scale MP-2021
Disability	CalPERS 2000-2023 Experience Study
Retirement	CalPERS 2000-2023 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 increased from 3.58% to 4.45% for the year ended March 31, 2026.

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

B. Total 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:

Asset Class	Percentage of Portfolio	Assumed Gross Return
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 Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balance at March 31, 2025	$ 707,562	$ -	$ 707,562
Changes for the year:			
Service cost	59,574	-	59,574
Interest	27,254	-	27,254
Changes in assumptions	51,451	-	51,451
Changes in experience	57,807	-	57,807
Benefit payments	(11,753)	-	(11,753)
Net changes	184,333	-	184,333
Balance at March 31, 2026	$ 891,895	$ -	$ 891,895

Sensitivity of the Total OPEB liability to changes in the discount rate
The following presents the Total OPEB liability of the District, as well as what the District's Total 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 Total OPEB liability to changes in the discount rate for the fiscal year ended March 31, 2026:

1% Decrease 3.5%	Discount Rate 4.5%	1% Increase 5.5%
$ 1,016,432	$ 891,895	$ 787,877

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

C. Changes in the Total OPEB Liability (continued)

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates
The following presents the Total OPEB liability of the District, as well as what the District's Total 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 Total OPEB liability to changes in the healthcare trend rate for March 31, 2026:

1% Decrease 3.5%	Healthcare Cost Trend Rates 4.5%	1% Increase 5.5%
$ 763,132	$ 891,895	$ 1,053,104

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

For the year ended March 31, 2026, the District recognized OPEB expense of $76,879. At March 31, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	$ 28,262	$ -
Changes in assumptions	77,969	(102,640)
Differences between expected and actual experience	127,385	(183,207)
Total Deferred Outflows/(Inflows) of Resources	$ 233,616	$ (285,847)

The District reported $28,262 in 2026 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, 2026.

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 2026 as follows:

Amortization Period Fiscal Year Ended March 31	Deferred Outflows/(Inflows) of Resources
2027	$ (10,102)
2028	(10,097)
2029	(9,831)
2030	(5,644)
2031	(6,123)
Thereafter	(38,696)
Total	$ (80,493)

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

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

Description	March 31, 2026	March 31, 2025
Net investment in capital assets:		
Capital assets – not being depreciated	$ 4,077,970	$ 3,624,394
Capital assets, net – being depreciated	36,031,645	32,476,580
Loans payable – current	(1,017,862)	(1,057,521)
Loans payable – non-current	(4,000,067)	(5,017,929)
Revenue obligation payable – current	(571,576)	(216,028)
Revenue obligation payable – non-current	(14,411,290)	(1,882,866)
Unspent proceeds from bond issuance (Note 3)	13,100,000	
Total net investment in capital assets	$ 33,208,820	$ 27,926,630

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 ended on April 1, 2025, and a subsequent renewal agreement was executed on July 24, 2025, which remains in effect in perpetuity. 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, 2026, the District received $630,000 in payments from the 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. While there were no reductions in the District's insurance coverage during the years ending March 31, 2025, and 2024, a reduction in marine general liability coverage limits was required in fiscal year 2026 due to increasingly high renewal rates. 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, 2026, 2025 and 2024.

NOTE 15 – RISK DISCLOSURE: CONCENTRATION OF REVENUE SOURCE (GASB STATEMENT No. 102)

The District's operations are significantly dependent on revenue generated from berthing fees, rental agreements, and concession contracts. For the fiscal year ended March 31, 2026, approximately 100% of the District's operating revenue was derived from these three sources combined.

This revenue concentration subjects the District to a risk of loss due to external economic or environmental factors that could adversely affect maritime commerce, tourism, and related port activity. Events such as shipping industry downturns, natural disasters, global trade disruptions, or regulatory changes may have a material impact on berthing activity. Similarly, rental and concession revenues are sensitive to fluctuations in tenant occupancy, retail/tourism activity, and overall economic conditions.

NOTE 15 – RISK DISCLOSURE: CONCENTRATION OF REVENUE SOURCE (GASB STATEMENT No. 102) (continued)

The District continuously monitors these risk exposures and maintains reserve policies and diversified lease agreements to mitigate the potential impacts. However, management recognizes that the reliance on a limited number of revenue streams may pose a financial risk should there be a significant decline in any one category.

This disclosure is provided in accordance with GASB Statement No. 102, Risk Disclosures, to inform users of the financial statements of the potential financial impact associated with the District's reliance on certain revenue sources.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Construction Contracts
The District has a variety of agreements with private parties relating to the installation, improvement, or modification of harbor and port facilities as well as buildings and land improvements. The financing of such construction contracts is being provided by a combination of debt, the District's replacement reserves and advances for construction.

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, d*e 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.

Grant Awards
Grant funds received by the District are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements from the grantor agencies for expenditures disallowed under the terms of the grant. The 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 17 – 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 August 25, 2026, the date the financial statements were available to be issued.

Required Supplementary Information

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, 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%
June 30, 2024	0.047200%	5,724,260	2,581,495	221.74%	72.91%
June 30, 2025	0.049940%	5,108,667	2,858,043	178.75%	76.74%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
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, 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%.

From fiscal year June 30, 2023 to June 30, 2024:
There were no significant changes in assumptions.

From fiscal year June 30, 2024 to June 30, 2025:
There were no significant changes in assumptions.

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, 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	625,908	(647,550)	(21,642)	2,564,315	25.25%
March 31, 2025	613,814	(633,814)	(20,000)	2,581,495	24.55%
March 31, 2026	793,275	(830,885)	(37,610)	2,858,043	29.07%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
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%
March 31, 2025	June 30, 2023	Entry Age	Fair Value	2.30%	6.90%
March 31, 2026	June 30, 2024	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.

SANTA CRUZ PORT DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Year Ended March 31, 2026

Last Ten Fiscal Years*

Fiscal Year Ended	March 31, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022
Measurement Date	**March 31, 2025**	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
Total OPEB liability:					
Service cost	$ 59,574	$ 58,944	$ 72,711	$ 76,692	$ 79,892
Interest	27,254	24,483	23,735	20,274	18,250
Changes in assumptions	51,451	(8,757)	(129,336)	(48,735)	(87,155)
Differences between expected and actual experience	57,807	-	(104,487)	-	45,917
Benefit payments	(11,753)	(15,341)	(22,181)	(16,946)	(8,916)
Net change in total OPEB liability	184,333	59,329	(159,558)	31,285	47,988
Total OPEB liability - beginning	707,562	648,233	807,791	776,506	728,518
Total OPEB liability - ending	891,895	707,562	648,233	807,791	776,506
District's total OPEB liability	$ 891,895	$ 707,562	$ 648,233	$ 807,791	$ 776,506
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 2,917,053	$ 2,815,656	$ 2,609,237	$ 2,384,186	$ 2,430,838
District's total OPEB liability as a percentage of covered payroll	30.58%	25.13%	24.84%	33.88%	31.94%

Notes to Schedule:

Benefit Changes:

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.
Measurement Date March 31, 2024 – There were no changes of benefits terms.
Measurement Date March 31, 2025 – There were no changes of benefits terms.

Changes in Assumptions:

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%.
Measurement Date March 31, 2024– The discount rate rate increased from 3.50% to 3.58%.
Measurement Date March 31, 2025– The discount rate rate increased from 3.58% to 4.45%.

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

SANTA CRUZ PORT DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios (continued)
For the Year Ended March 31, 2026

Last Ten Fiscal Years*

Fiscal Year Ended	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
Measurement Date	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**
Total OPEB liability:			
Service cost	$ 53,462	$ 54,348	$ 53,126
Interest	20,235	20,887	18,141
Changes in assumptions	177,131	5,778	(2,705)
Differences between expected and actual experience	-	(78,459)	-
Benefit payments	(5,538)	(3,883)	(1,705)
Net change in total OPEB liability	245,290	(1,329)	66,857
Total OPEB liability - beginning	483,228	484,557	417,700
Total OPEB liability - ending	728,518	483,228	484,557
District's total OPEB liability	$ 728,518	$ 483,228	$ 484,557
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered payroll	$ 2,458,539	$ 2,411,907	$ 2,127,435
District's total OPEB liability as a percentage of covered payroll	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.

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%.

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

Measurement Date March 31, 2025– The discount rate rate increased from 3.58% to 4.45%.

Supplementary Information

SANTA CRUZ PORT DISTRICT
Schedule of Operating Expenses
For the Years Ended March 31, 2026

	March 31, 2026	March 31, 2025
Operating Expenses		
Dredging operations	$ 1,739,315	$ 1,685,197
Administrative services	940,347	1,014,110
Grounds	1,171,770	1,171,496
Harbor patrol	914,168	845,520
Fuel services	581,039	454,957
Property management	1,003,718	1,121,498
Marina management	689,192	684,284
Parking services	436,159	425,709
Buildings	492,992	491,360
Boatyard operations	412,571	396,430
Docks, piers, marine structures	771,136	873,297
Finance and purchasing	248,960	236,270
Environmental services	153,190	83,371
Rescue services	120,675	124,960
Utilities	129,674	117,745
Port commission support	62,481	60,756
Aeration	48,097	111,743
Events	29,285	21,468
Minor projects	610	196
Fishery support	4,179	6,856
Tsunami expense	197,630	1,446,900
CalPERS pension expense/(credit)	199,002	419,307
Other post-employment benefits expense	71,411	59,122
Total operating expenses before depreciation	10,417,601	11,852,552
Depreciation	2,248,092	2,100,035
Total operating expenses	$ 12,665,693	$ 13,952,587

Other Independent Auditors' Reports

NIGRO & NIGRO PC
A Professional Accountancy Corporation

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, 2026, 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 August 25, 2026.

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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
Jessica Miller, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA | Oscar Gonzalez, CFE

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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.

Nigro & Nigro, PC

Walnut Creek, California
August 25, 2026

Santa Cruz Port District
Historical Revenues and Expenses
Debt Service Coverage Ratio

		2024 *Audited*		2025 *Audited*		2026 *Audited*
Operating Revenues						
Charges for berthing and services	$	8,947,391	$	9,049,066	$	9,468,559
Rent and concessions	$	2,510,999	$	2,478,776	$	2,445,917
Total Operating Revenues	$	11,458,390	$	11,527,842	$	11,914,476
Operating Expenses						
Depreciation and Amortization	$	2,111,480	$	2,100,035	$	2,248,092
CalPERS Unfunded Liability (Non-cash)	$	214,231	$	419,306	$	199,002
OPEB Liability (Non-cash)	$	73,822	$	59,122	$	71,411
Dredging Operations	$	1,710,055	$	1,685,197	$	1,739,315
Administrative Services	$	838,406	$	1,014,110	$	940,347
Grounds	$	908,044	$	1,171,496	$	1,171,770
Fuel Services	$	476,215	$	454,957	$	581,039
Harbor Patrol	$	829,967	$	845,520	$	914,168
Property Management	$	951,436	$	1,121,498	$	1,003,718
Marina Management	$	591,788	$	684,284	$	689,192
Buildings	$	482,824	$	491,360	$	492,992
Parking Services	$	391,668	$	425,709	$	436,159
Docks, Piers, Marine Structures	$	739,233	$	873,297	$	771,136
Finance & Purchasing	$	236,889	$	236,270	$	248,960
Environmental & Permitting	$	144,352	$	83,371	$	153,190
Utilities	$	97,409	$	117,745	$	129,674
Aeration	$	54,938	$	111,743	$	48,097
Rescue Services	$	132,091	$	124,960	$	120,675
Boatyard Operations	$	366,652	$	396,430	$	412,571
Port Commission Support	$	79,674	$	60,756	$	62,481
Capital Projects	$	386	$	196	$	610
Events	$	19,874	$	21,468	$	29,285
Fishery Support	$	8,855	$	6,856	$	4,179
Tsunami Expense	$	22,913	$	1,446,900	$	197,630
Total Expenses	$	11,483,202	$	13,952,586	$	12,665,693
Non-Operating Revenue (Expenses)						
County revenues for public services	$	50,000	$	50,000	$	50,000
Grants and Other Income	$	38,322	$	645,756	$	1,533,166
Dredging Reimbursement USACE	$	525,000	$	525,000	$	630,000
Interest Income	$	801,899	$	951,333	$	737,486
Interest Expense	$	(348,396)	$	(296,226)	$	(320,750)
Local Capital Contribution	$	78,745	$	266,140	$	3,713,317
Other Income (Expenses)	$	424,745	$	84,008	$	26,599
Total Non-Operating Income (Expenses)	$	1,570,315	$	2,226,011	$	6,369,818
Debt Service Coverage Calculation						
(+) Gross Revenues	$	11,458,390	$	11,527,842	$	11,914,476
(-) Maintenance and operating expenses	$	(11,483,202)	$	(13,952,586)	$	(12,665,693)
(+) Depreciation and Amortization	$	2,111,480	$	2,100,035	$	2,248,092
(+) CalPERS Unfunded Liability (Non-cash)	$	214,231	$	419,306	$	199,002
(+) OPEB Liability (Non-cash)	$	73,822	$	59,122	$	71,411
(=) Net Operating Income	$	2,374,721	$	153,719	$	1,767,288
(+) Interest Income	$	801,899	$	951,333	$	737,486
(+) Non-operating Income	$	424,745	$	84,008	$	26,599
(+) Grants	$	88,322	$	695,756	$	1,583,166
(+) Dredging Reimbursement USACE	$	525,000	$	525,000	$	630,000
(=) Net Revenues Available for Debt Service	$	4,214,687	$	2,409,816	$	4,744,539
(+) Current Portion Long Term Debt	$	1,413,057	$	1,273,549	$	1,589,438
(+) Interest Expense	$	348,396	$	296,226	$	320,750
(=) Total Debt Service	$	1,761,453	$	1,569,775	$	1,910,188
Debt Service Coverage Ratio (DSCR)		**2.39x**		**1.54x**		**2.48x**
Required DSCR		1.25x		1.25x		1.25x

SANTA CRUZ PORT DISTRICT
135 5th Avenue
Santa Cruz, CA 95062
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www.santacruzharbor.org

TO: Port Commission

FROM: Holland MacLaurie, Port Director

DATE: September 14, 2026

SUBJECT: Authorization of Additional Contingency Funds – Dredge Haulout Services (NTE $37,476)

Recommendation: **Authorize an additional $37,476 in contingency funding for the Dredge Haulout Services Project**

BACKGROUND

At its special public session on April 8, 2026, the Port Commission approved a contract with DSC Dredge for the Dredge Haulout Services Project. The approved construction budget included a 27% contingency, as summarized below:

Contract Amount	$ 589,988
Contingencies (approx. 27%)	$ 160,012
Total Construction Cost	**$ 750,000**

The dredge haulout project is a complex, multi-phase effort that includes lifting the dredge from the water, disassembly of major components, inspection and repair, painting of the hull, and subsequent reassembly and relaunch.

ANALYSIS

As work has progressed, additional repairs and costs have been identified that were not included in the original contract scope. To date, staff has authorized the following project change orders:

- Change Order #1 – Additional pipe repairs and welding: $ 12,200
- Change Order #2 – Additional labor for hull blasting and painting: $147,812

Collectively, these changes total $160,012 and fully utilize the project's original contingency.

The large amount due under Change Order #2 resulted primarily from regulatory limitations associated with painting the dredge hull. Due to volatile organic compound (VOC) limitations imposed by the regulatory permit issued by the Monterey Bay Unified Air Pollution Control District, paint application was limited to approximately 15 gallons per day. This restriction significantly extended the duration of painting activities, resulting in approximately 27 additional days of work and requiring DSC Dredge to maintain additional crew onsite beyond the period originally anticipated.

DSC has also incurred $37,476 in additional equipment rental costs associated with the extended work period. Because the original contingency has been fully utilized, staff is recommending an increase of $37,476 to the project contingency to cover these remaining costs. This adjustment would bring the revised total construction cost to $787,476.

IMPACT ON PORT DISTRICT RESOURCES

Adequate funding is available in the Port District's Capital Improvement Program under the Twin Lakes Haul Fund (F047) to cover the increased contingency amount of $37,476.

If approved, the additional contingency will increase the total project budget as follows:

Contract Amount	$ 589,988
Original Contingency (approx. 27%)	$ 160,012
New Contingency	$ 37,476
Total New Construction Cost	**$ 787,476**

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TO: Port Commission

FROM: Holland MacLaurie, Port Director

DATE: September 15, 2026

SUBJECT: Approval of Professional Services Contracts – 616 Atlantic Avenue (NTE $139,800)

Recommendation: **Authorize the Port Director to:**

1) **Execute a contract with Haro, Kasunich and Associates, Inc. for geotechnical and engineering services in an amount not to exceed $88,050; and,**

2) **Execute an additional services agreement with Rad Lab Designs, Inc. for mechanical, electrical, plumbing, and structural engineering services for the proposed container restaurant building and foundation in an amount not to exceed $51,750; and,**

3) **Approve an appropriation in the FY27 budget for the amount of the contracts.**

BACKGROUND

In June 2016, the restaurant site at 616 Atlantic Avenue was vacated due to accelerated failure of the supporting seawall and discovery of a large sinkhole in the adjacent public access area. Following completion of the Seawall Replacement Project in 2019, the Port District continued efforts to identify a prospective tenant to finance construction of a new restaurant building at the site. When those efforts did not result in a tenant, the Commission began evaluating construction of a District-funded restaurant building using a custom shipping-container design to contain costs and expedite construction.

In September 2023, the Commission authorized an agreement with Rad Lab Designs, Inc. (Rad Lab) for architectural design and construction support services in an amount not to exceed $55,000. Rad Lab advanced the project through design development and preparation of an architectural construction document set before the project was placed on hold due to competing District priorities.

In August 2026, the Commission authorized an $8,500 amendment to Rad Lab's agreement, increasing the total authorized amount to $63,500. The amendment allowed Rad Lab to reactivate the project and update the previously completed construction documents for compliance with the 2025 California Building Code. Staff is now advancing the project toward permit submittal. The next phase requires geotechnical investigation of the site and engineering disciplines that were excluded from the original architectural scope.

ANALYSIS

The two proposed contracts are necessary to complete the technical work required to advance the project through permitting and to prepare a coordinated set of construction documents.

Geotechnical Services
Haro, Kasunich and Associates, Inc. (HKA) will evaluate soil and coastal conditions at the site through land- and barge-based testing. The resulting report will provide recommendations for the deck and pile foundation, including seismic and wave-related design requirements.

Engineering Services
Rad Lab will retain and coordinate consultants to complete the mechanical, electrical, plumbing, and structural engineering for the new container restaurant building and foundation. The work will include building systems, utilities, structural plans and calculations, plan-check revisions, and limited construction support.

IMPACT ON PORT DISTRICT RESOURCES

As of September 15, 2026, the available balance in the 616 Atlantic Avenue project fund (Aldo's Seawall Replacement Fund (F027)) is approximately $112,000. This amount is insufficient to cover the combined contract cost of $139,800, resulting in a funding shortfall of approximately $27,800.

To ensure this project continues to move forward, staff proposes covering the shortfall by utilizing $27,800 in unrestricted cash. The Port District's available cash balance as of September 15, 2026, is approximately $2.25 million.

ATTACHMENT: A. Cash Flow Projection (September 15, 2026)

CASH FLOW PROJECTION
9/15/2026

SOURCE/LOCATION	
CASH ON HAND	17,916,317
MONTHLY REVENUES	1,050,000
MONTHLY EXPENSES	(810,000)
DEBT SERVICE	
INSURANCE PREMIUMS	
ESTIMATED CASH ON HAND->>>	*18,156,317*

Fund		
Dredge Intermediate		322,306
Reserve Fund		1,829,776
Cap. Improv.		13,432,312
Election		50,449
497 Lake Avenue (Balloon)		25,000
Total Designated Funds	**$**	**15,659,843**
Comerica + WCCB		1,914,317
LAIF + CLASS		16,002,000
Total Cash on Deposit	**$**	**17,916,317**
Available Cash	$	2,256,474
BBVA Reserve		1,100,822
TOTAL CASH	**$**	**3,357,296**
Cash Available (not held @ BBVA)	**$**	**2,256,474**

Santa Cruz Port District
Cash/Payroll Disbursements
August 2026

Date	No.	Vendor	Description	Amount
8/7/2026	10220	Branden Campbell	Employee Expense Reimbursement: Crane Operator Certification	$ 473.34
8/7/2026	10221	Debbie Cedillo	Credit Balance Refund	$ 22.71
8/7/2026	10222	Sean Currens	Security Deposit Refund	$ 149.60
8/7/2026	10223	Chris Garrecht-Williams	Security Deposit Refund	$ 356.98
8/7/2026	10224	April LoFranco	Security Deposit Refund	$ 381.30
8/7/2026	10225	Steve Needens	Security Deposit Refund	$ 265.30
8/7/2026	10226	Matt Landes	Security Deposit Refund	$ 110.92
8/20/2026	10227	Employee #29	Advancement of Wages	$ 4,796.59
8/21/2026	10228	Alden Forbes	Employee Expense Reimbursement: Crane Operator Certification	$ 559.02
8/21/2026	10229	Simoni, Danny	Employee Expense Reimbursement: Crane Operator Certification	$ 458.01
8/7/2026	11879	AAA Workspace	Office Supplies	$ 65.74
8/7/2026	11880	Ace Portable Services	Portable Toilet Rental	$ 621.58
8/7/2026	11881	Amazon Capital Services	Ratchet	$ 51.52
8/7/2026	11882	Amazon Capital Services	Office Supplies	$ 21.12
8/7/2026	11883	Amazon Capital Services	Wrenches	$ 27.36
8/7/2026	11884	Amazon Capital Services	Wet/Dry Vacuum	$ 435.78
8/7/2026	11885	Amazon Capital Services	Building Flags	$ 172.42
8/7/2026	11886	Amazon Capital Services	Generator Pull Starter	$ 23.81
8/7/2026	11887	Amazon Capital Services	Chainsaw Fuel Hose	$ 13.59
8/7/2026	11888	Amazon Capital Services	Chainsaw Exhaust	$ 25.17
8/7/2026	11889	Amazon Capital Services	Office Supplies	$ 7.00
8/7/2026	11890	Amazon Capital Services	*Never Late* Key Duplicates	$ 21.00
8/7/2026	11891	Amazon Capital Services	Paring Knives	$ 117.80
8/7/2026	11892	Amazon Capital Services	*Never Late* Lighting	$ 87.56
8/7/2026	11893	Amazon Capital Services	*Never Late* Lighting	$ 27.43
8/7/2026	11894	Amazon Capital Services	Generator Pull Starter	$ 23.98
8/7/2026	11895	Amazon Capital Services	*Twin Lakes* Thermal Relief Valve	$ 30.98
8/7/2026	11896	Amerigas	Ancillary Equipment Fuel	$ 393.06
8/7/2026	11897	A Sign ASAP!	*Never Late* Signage	$ 256.82
8/7/2026	11898	AT&T	Telephone	$ 376.28
8/7/2026	11899	Janine Baltar	Security Deposit Refund	$ 126.28

Santa Cruz Port District
Cash/Payroll Disbursements
August 2026

Date	No.	Vendor	Description	Amount
8/7/2026	11900	Bay Plumbing Supply, Inc.	Concession Lot Restroom Pipe Fittings	$ 138.79
8/7/2026	11901	Bay Plumbing Supply, Inc.	333 Lake Avenue Restroom Repair Parts	$ 72.61
8/7/2026	11902	Bayside Oil II, Inc.	Boatyard Paint Chip Disposal	$ 563.00
8/7/2026	11903	Big Creek	Concrete Mix	$ 89.85
8/7/2026	11904	Big Creek	Sandblasting Material	$ 141.81
8/7/2026	11905	Big Creek	Lifeguard Tower Repair Supplies	$ 216.62
8/7/2026	11906	Brink's Incorporated	Deposit Courier Service	$ 375.80
8/7/2026	11907	Cale America, Inc.	Monthly Service	$ 1,865.76
8/7/2026	11908	California Air Resources Board	Commercial Harbor Craft Vessel Compliance Fees	$ 3,438.00
8/7/2026	11909	ClearPath Technologies LLC	Boatyard Wi-Fi Point-to-Point Hardware & Installation	$ 2,359.49
8/7/2026	11910	ClearPath Technologies LLC	Monthly IT & Cyber Security Service (SLCGP Grant Reimbursable)	$ 3,835.00
8/7/2026	11911	ClearPath Technologies LLC	Monthly Managed Detection & Response Service (SLCGP Grant Reimbursable)	$ 290.00
8/7/2026	11912	Complete Mailing Service	Statement Mailing & Postage	$ 697.75
8/7/2026	11913	County of Santa Cruz DPW	7th Avenue & Brommer Street Parking Lot Rental	$ 1,200.00
8/7/2026	11914	Cushman Contracting Corporation	Demolition and Reconstruction of G & X Docks Project Progress Payment	$ 2,990,384.17
8/7/2026	11915	Dredging Supply Company, Inc.	*Twin Lakes Dredge* Haulout Project Replacement Parts	$ 26,435.75
8/7/2026	11916	Environmental Logistics	Hazardous Materials Disposal	$ 6,276.00
8/7/2026	11917	Montana Fowler	Citation Overpayment Refund	$ 63.50
8/7/2026	11918	Grainger	Disposable Gloves	$ 140.16
8/7/2026	11919	Grainger	Thermometer	$ 14.34
8/7/2026	11920	Grainger	Respirator Filters	$ 41.58
8/7/2026	11921	HD Supply	Janitorial Supplies	$ 1,394.84
8/7/2026	11922	Home Depot Credit Services	Electrical Tape, Nail Puller, Chisel, Pry Bar, Batteries, Level, Bit Set, Wall Anchors, Roofing Nails, Paint, Drain Bladders, Mallet, Signage Hardware, Hose Bibs, Pipe Wrenches	$ 601.19
8/7/2026	11923	Roberto Jacobo	Citation Overpayment Refund	$ 20.00
8/7/2026	11924	Lighthouse Welding	*Twin Lakes* Elbow Fabrication	$ 1,600.00
8/7/2026	11925	Linde Gas & Equipment, Inc.	Welding Gas	$ 144.80
8/7/2026	11926	Linde Gas & Equipment, Inc.	Welding Gas	$ 402.07
8/7/2026	11927	Linde Gas & Equipment, Inc.	Welding Gas	$ 466.78
8/7/2026	11928	Lloyd's Tire & Auto Care	Maintenance Vehicle Tire Sensor Replacement	$ 442.77

Santa Cruz Port District
Cash/Payroll Disbursements
August 2026

Date	No.	Vendor	Description	Amount
8/7/2026	11929	Lubin Olson & Niewiadomski LLP	Legal Consultation	$ 2,368.00
8/7/2026	11930	Mid County Auto Supply	Brake Cleaner	$ 49.69
8/7/2026	11931	Mid County Auto Supply	*Squirt* Hydraulic Filters	$ 139.88
8/7/2026	11932	MPress Digital Inc.	Visitor & Overflow Parking Permits	$ 327.60
8/7/2026	11933	Outdoor Supply Hardware	Lifeguard Tower Fasteners	$ 23.63
8/7/2026	11934	Outdoor Supply Hardware	Lifeguard Tower Fasteners, Cable Ties	$ 125.54
8/7/2026	11935	Pacific Gas & Electric Company	Utilities	$ 2,069.40
8/7/2026	11936	PAC Marine Towing and Salvage LLC	Demolition and Reconstruction of G & X Docks Project Vessel Relocation	$ 1,890.00
8/7/2026	11937	Pu Pu O Hawai'i Outrigger Club	Special Event Permit Fee Refund	$ 4,681.00
8/7/2026	11938	Quadient, Inc.	Postage	$ 500.00
8/7/2026	11939	RDO Equipment Co.	*Squirt* Coolant	$ 987.62
8/7/2026	11940	RR Donnelley	Parking Citation Books	$ 4,195.19
8/7/2026	11941	SC Fuels	Fuel Dock Gas & Diesel	$ 37,269.87
8/7/2026	11942	Santa Cruz Baptist Church	Special Event Security Deposit Refund	$ 500.00
8/7/2026	11943	Santa Cruz Municipal Utilities	Utilities	$ 17.89
8/7/2026	11944	Santa Cruz Municipal Utilities	Utilities	$ 140.61
8/7/2026	11945	Santa Cruz Municipal Utilities	Utilities	$ 784.09
8/7/2026	11946	Santa Cruz Municipal Utilities	Utilities	$ 401.79
8/7/2026	11947	Santa Cruz Municipal Utilities	Utilities	$ 35.34
8/7/2026	11948	Santa Cruz Municipal Utilities	Utilities	$ 1,631.99
8/7/2026	11949	Santa Cruz Municipal Utilities	Utilities	$ 38.92
8/7/2026	11950	Santa Cruz Municipal Utilities	Utilities	$ 35.34
8/7/2026	11951	Santa Cruz Municipal Utilities	Utilities	$ 1,122.09
8/7/2026	11952	Santa Cruz Municipal Utilities	Utilities	$ 35.34
8/7/2026	11953	Santa Cruz Municipal Utilities	Utilities	$ 140.04
8/7/2026	11954	Southern Counties Lubricants	*Squirt* Hydraulic Oil	$ 1,766.79
8/7/2026	11955	Taymor, Steve	Credit Balance Refund	$ 51.00
8/7/2026	11956	The Ferguson Group	Washington Representation	$ 2,350.00
8/7/2026	11957	U.S. Bank Equipment Finance	Copier Leases	$ 329.49
8/7/2026	11958	US Relay	Webcam Service	$ 484.00
8/7/2026	11959	Ventura Hydraulic & Machine Works	*Twin Lakes* & *Squirt* Cylinders Sales Tax	$ 32.07
8/7/2026	11960	Verizon Wireless	Cell Phone & Tablet Service	$ 297.26

Santa Cruz Port District

Cash/Payroll Disbursements

August 2026

Date	No.	Vendor	Description	Amount
8/7/2026	11961	Mark Larsen	Harbor Office Window Cleaning	$ 40.00
8/21/2026	11962	AAA Workspace	Office Supplies	$ 20.08
8/21/2026	11963	Amazon Capital Services	Fuel Water Separator Filters	$ 140.16
8/21/2026	11964	Amazon Capital Services	Office Supplies	$ 40.52
8/21/2026	11965	Amazon Capital Services	Office Supplies	$ 16.36
8/21/2026	11966	Amazon Capital Services	Office Supplies	$ 125.60
8/21/2026	11967	AvidXchange, Inc.	Accounts Payable Automation System	$ 458.80
8/21/2026	11968	Bay Area High Reach, Inc	*Twin Lakes* Dredge Haulout Project Temporary Paint Spray Area Scaffolding	$ 15,662.00
8/21/2026	11969	Bay Plumbing Supply, Inc.	Urinal Repair Parts	$ 108.79
8/21/2026	11970	Bayside Oil II, Inc.	Oil Filter Disposal	$ 105.00
8/21/2026	11971	Bayside Oil II, Inc.	Oily Water Disposal	$ 385.00
8/21/2026	11972	Bayside Oil II, Inc.	Debris Disposal (SAVE Grant Reimbursable)	$ 961.00
8/21/2026	11973	Bayside Oil II, Inc.	Waste Oil Disposal	$ 468.50
8/21/2026	11974	Bayside Oil II, Inc.	Debris Disposal (SAVE Grant Reimbursable)	$ 347.00
8/21/2026	11975	Big Creek	Lifeguard Tower Lumber	$ 50.94
8/21/2026	11976	Big Creek	Drill Bit	$ 35.46
8/21/2026	11977	Bowman & Williams Civil Engineers	Land Survey	$ 3,516.00
8/21/2026	11978	VOID		
8/21/2026	11979	Bow Wow Pet Waste Products	Pet Waste Station Bags	$ 220.63
8/21/2026	11980	David Bradford	Credit Balance Refund	$ 60.00
8/21/2026	11981	Central Coast Systems	Quarterly Fire Alarm Monitoring	$ 105.00
8/21/2026	11982	Central Coast Systems	Annual Elevator Testing	$ 473.00
8/21/2026	11983	Cintas Corp	Uniform Service	$ 108.96
8/21/2026	11984	Cintas Corp	Uniform Service	$ 98.73
8/21/2026	11985	Cintas Corp	Uniform Service	$ 43.44
8/21/2026	11986	Cintas Corp	Uniform Service	$ 108.96
8/21/2026	11987	Cintas Corp	Uniform Service	$ 98.73
8/21/2026	11988	Cintas Corp	Uniform Service	$ 43.44
8/21/2026	11989	Cintas Corp	Uniform Service	$ 43.44
8/21/2026	11990	Cintas Corp	Traffic Mat Service	$ 35.00
8/21/2026	11991	Cintas Corp	Uniform Service	$ 98.73
8/21/2026	11992	Cintas Corp	Uniform Service	$ 108.96

Santa Cruz Port District

Cash/Payroll Disbursements

August 2026

Date	No.	Vendor	Description	Amount
8/21/2026	11993	Cintas Corp	Uniform Service	$ 43.44
8/21/2026	11994	Cintas Corp	Uniform Service	$ 98.73
8/21/2026	11995	Cintas Corp	Traffic Mat Service	$ 35.00
8/21/2026	11996	Cintas Corp	Uniform Service	$ 108.96
8/21/2026	11997	Comcast	Business Television	$ 19.31
8/21/2026	11998	Comcast	Business Internet	$ 638.70
8/21/2026	11999	Comcast	Concession Lot Internet	$ 169.46
8/21/2026	12000	County of Santa Cruz DPW	Hazmat Disposal	$ 268.50
8/21/2026	12001	Crystal Springs Water Co.	Boatyard Drinking Water	$ 107.99
8/21/2026	12002	Dunn-Edwards Corporation	Dredge Paint	$ 329.60
8/21/2026	12003	Everbridge, Inc	Annual Mass Notification System Subscription	$ 4,837.50
8/21/2026	12004	Ewing Irrigation Products, Inc.	Irrigation Piping	$ 136.66
8/21/2026	12005	Ewing Irrigation Products, Inc.	Wash Rack Plumbing Fittings	$ 19.20
8/21/2026	12006	Bassel Faltas	Security Deposit Refund	$ 119.08
8/21/2026	12007	Ferguson Enterprises, LLC	*Twin Lakes* Pipe Flange	$ 2,438.30
8/21/2026	12008	Flyers Energy, LLC	Ancillary Equipment Fuel	$ 1,041.41
8/21/2026	12009	Grainger	Respirator Cartridge	$ 685.25
8/21/2026	12010	Grainger	Disposable Gloves	$ 87.60
8/21/2026	12011	Grainger	Pressure Gauge	$ 187.20
8/21/2026	12012	Grainger	Ear Plugs	$ 97.06
8/21/2026	12013	Grainger	*Squirt* Exhaust Paint	$ 131.23
8/21/2026	12014	Grainger	Impact Socket	$ 48.54
8/21/2026	12015	Grainger	Leather Work Gloves	$ 325.88
8/21/2026	12016	Grainger	Saw Blade	$ 54.89
8/21/2026	12017	Grainger	Disposable Gloves	$ 105.12
8/21/2026	12018	Hutchinson & Bloodgood LLP	Annual Crunchafi Lease Software Subscription	$ 1,495.20
8/21/2026	12019	Harbor Cove HOA	1025 7th Avenue Fence Replacement (50% Cost Share with 675 Harbor Cove)	$ 3,120.00
8/21/2026	12020	Linde Gas & Equipment, Inc.	Welding Gas	$ 172.61
8/21/2026	12021	MBS Business Systems	Copier Usage Charges	$ 767.42
8/21/2026	12022	Mid County Auto Supply	Diesel Exhaust Fluid	$ 56.34
8/21/2026	12023	Mutual of Omaha	Life/LTD/AD&D Insurance	$ 1,064.04
8/21/2026	12024	Nixon-Egli Equipment Co	Crane Parts	$ 288.01

Santa Cruz Port District

Cash/Payroll Disbursements

August 2026

Date	No.	Vendor	Description	Amount
8/21/2026	12025	Nixon-Egli Equipment Co	Hydraulic Oil & Gauge	$ 291.62
8/21/2026	12026	Operating Engineers	Union Dues (Payroll Deduction)	$ 360.00
8/21/2026	12027	Pacific Gas & Electric Company	Utilities	$ 106.94
8/21/2026	12028	Pacific Gas & Electric Company	Utilities	$ 284.44
8/21/2026	12029	Pacific Gas & Electric Company	Utilities	$ 33.15
8/21/2026	12030	Pacific Gas & Electric Company	Utilities	$ 79.75
8/21/2026	12031	Pacific Gas & Electric Company	Utilities	$ 13,566.34
8/21/2026	12032	Pacific Gas & Electric Company	Utilities	$ 2,329.89
8/21/2026	12033	Pacific Gas & Electric Company	Utilities	$ 39.66
8/21/2026	12034	Pacific Gas & Electric Company	Utilities	$ 310.07
8/21/2026	12035	Pacific Gas & Electric Company	Utilities	$ 2,351.41
8/21/2026	12036	Pacific Gas & Electric Company	Utilities	$ 7,361.24
8/21/2026	12037	Pacific Gas & Electric Company	Utilities	$ 10,036.19
8/21/2026	12038	Peterson	Dozer Repairs	$ 22,421.01
8/21/2026	12039	Rain for Rent	*Twin Lakes* Dredge Haulout Project Water Tank Rental	$ 6,506.48
8/21/2026	12040	Riverside Lighting & Electric	X-Dock Circuit Breaker	$ 167.04
8/21/2026	12041	Santa Cruz Municipal Utilities	Utilities	$ 9,989.46
8/21/2026	12042	Santa Cruz Municipal Utilities	Utilities	$ 3,741.75
8/21/2026	12043	Santa Cruz Municipal Utilities	Utilities	$ 2,717.45
8/21/2026	12044	Southern Counties Lubricants	*Squirt* Hydraulic Oil	$ 362.36
8/21/2026	12045	SSB Construction	555 Brommer Street Metal Roof Coating Project	$ 27,325.00
8/21/2026	12046	Triton Construction	Gas Turbine Sump Repair, Designated Operator Service	$ 2,193.47
8/21/2026	12047	Uline	Harbor Office Floor Mats	$ 224.42
8/21/2026	12048	Clarke Wales	Security Deposit Refund	$ 413.78
8/21/2026	12049	West Coast Cranes, Inc.	Crane Rental	$ 4,651.20
8/21/2026	12050	West Coast Wire Rope	*Twin Lakes* Rigging Supplies	$ 2,822.59
8/21/2026	12051	West Marine Pro	Power Adapters	$ 476.37
8/21/2026	12052	West Marine Pro	Power Adapters	$ 568.87
8/21/2026	12053	West Marine Pro	Vessel Rigging	$ 183.41
8/21/2026	12054	West Marine Pro	*Dauntless* Battery	$ 745.78
8/21/2026	12055	West Marine Pro	Boatyard Retail Items	$ 139.40
8/21/2026	12056	West Marine Pro	Boatyard Retail Items	$ 267.75

Santa Cruz Port District

Cash/Payroll Disbursements

August 2026

Date	No.	Vendor	Description	Amount
8/21/2026	12057	Bowman & Williams Civil Engineers	Property Line Survey	$ 184.00
8/31/2026	12058	AAA Workspace	Office Supplies	$ 178.10
8/31/2026	12059	Ace Portable Services	O-Dock Portable Toilet Rental	$ 254.27
8/31/2026	12060	Ace Portable Services	Concession Lot Portable Toilet Rental	$ 302.68
8/31/2026	12061	Bay Propeller	*Dauntless* Propellers and Propeller Shafts	$ 4,035.00
8/31/2026	12062	Comcast	Business Internet	$ 451.24
8/31/2026	12063	Grainger	Band Saw Blade	$ 31.10
8/31/2026	12064	Grainger	Hydraulic Hose Wrap	$ 17.99
8/31/2026	12065	Henderson Marine Supply, Inc.	Dock Coating Paint	$ 1,023.99
8/31/2026	12066	Kraemer Elevator Load Testing	Monthly Elevator Service	$ 395.00
8/31/2026	12067	Lawson	*Twin Lakes* Fittings	$ 1,357.50
8/31/2026	12068	Linde Gas & Equipment, Inc.	Welding Gas	$ 686.26
8/31/2026	12069	McMaster-Carr Supply Company	*Dauntless* Hardware	$ 127.10
8/31/2026	12070	Mutual of Omaha	LTD/Life/AD&D Insurance	$ 1,064.04
8/31/2026	12071	Nixon-Egli Equipment Co	Crane Hydraulic Oil	$ 550.60
8/31/2026	12072	Pacific Gas & Electric Company	Utilities	$ 1,566.18
8/31/2026	12073	Rad Lab Designs Inc	Design Services: 616 Atlantic Avenue	$ 18,500.00
8/31/2026	12074	RDO Equipment Co.	*Dauntless* Thermostat	$ 65.50
8/31/2026	12075	Santa Cruz Sentinel	Legal Advertising - Notice of Public Hearing for Proposed Ordinance Amendments	$ 1,243.20
8/31/2026	12076	Santa Cruz Municipal Utilities	Utilities	$ 22.49
8/31/2026	12077	Santa Cruz Municipal Utilities	Utilities	$ 117.35
8/31/2026	12078	Santa Cruz Municipal Utilities	Utilities	$ 19.13
8/5/2026	Various	Various Employees	7/16/26-7/31/26 Payroll	$ 8,526.06
8/20/2026	Various	Various Employees	8/1/26-8/15/26 Payroll	$ 8,056.77
8/1/2026	EFT	American Express	Fuel Dock Credit Card Fees	$ 94.19
8/1/2026	EFT	ElectronicPayments	Fuel Dock Credit Card Fees	$ 17.50
8/1/2026	EFT	Fiserv	RV Park Credit Card Fees	$ 666.52
8/1/2026	EFT	Gravity Payments	Front Desk Credit Card Fees	$ 2,611.47
8/1/2026	EFT	Merchant Services	Boatyard Credit Card Fee	$ 442.42
8/1/2026	EFT	Merchant Services	CALE Credit Card Fees	$ 2,041.62
8/1/2026	EFT	Merchant Services	Fuel Dock Credit Card Fees	$ 935.55
8/1/2026	EFT	Merchant Services	Online Billpay Credit Card Fees	$ 320.32

Santa Cruz Port District
Cash/Payroll Disbursements
August 2026

Date	No.	Vendor	Description	Amount
8/1/2026	EFT	Transaction Express	Online Billpay ACH Fees	$ 1,085.56
8/1/2026	EFT	Windcave, Inc.	Concession Lot Credit Card Fees	$ 3,268.57
8/3/2026	EFT	PNC Bank, N.A.	Tax Exempt Loan Principle	$ 491,637.55
8/3/2026	EFT	PNC Bank, N.A.	Tax Exempt Loan Interest	$ 64,149.34
8/3/2026	EFT	PNC Bank, N.A.	Tax Exempt Loan Principle	$ 57,911.00
8/3/2026	EFT	PNC Bank, N.A.	Tax Exempt Loan Interest	$ 17,308.40
8/3/2026	EFT	PNC Bank, N.A.	Tax Exempt Loan Principle	$ 52,947.00
8/3/2026	EFT	PNC Bank, N.A.	Tax Exempt Loan Interest	$ 15,824.81
8/5/2026	EFT	PAYCHEX	7/16/26-7/31/26 Payroll Direct Deposit	$ 81,968.25
8/5/2026	EFT	PAYCHEX	7/16/26-7/31/26 Payroll Taxes	$ 40,813.67
8/5/2026	EFT	PAYCHEX	Payroll Service Fees	$ 824.44
8/5/2026	EFT	California State Disbursement Unit	Wage Garnishment	$ 125.00
8/6/2026	EFT	CalPERS	Health Insurance	$ 60,329.84
8/6/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	$ 12,006.28
8/6/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	$ 8,531.74
8/6/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	$ 1,905.68
8/6/2026	EFT	CalPERS	457 Contributions (Payroll Deduction)	$ 6,949.04
8/5/2026	EFT	Empower Retirement	457 Loan Repayment (Payroll Deduction)	$ 257.31
8/7/2026	EFT	Fiserv	RV Park ACH Fees	$ 10.00
8/10/2026	EFT	Campspot	RV Park Reservation System	$ 482.05
8/10/2026	EFT	Gravity Payments	Front Desk Credit Card Gateway Fee	$ 24.36
8/11/2026	EFT	Comerica Bank	Service Charges	$ 302.92
8/16/2026	EFT	GoTo Communications, Inc.	IP Telephone System	$ 513.84
8/20/2026	EFT	PAYCHEX	8/1/26-8/15/26 Payroll Direct Deposit	$ 83,369.18
8/20/2026	EFT	PAYCHEX	8/1/26-8/15/26 Payroll Taxes	$ 40,805.91
8/20/2026	EFT	PAYCHEX	Payroll Service Fees	$ 794.29
8/20/2026	EFT	PAYCHEX	Time & Attendance Fees	$ 125.93
8/20/2026	EFT	California State Disbursement Unit	Wage Garnishment	$ 125.00
8/20/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	$ 12,102.47
8/20/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	$ 8,533.19
8/20/2026	EFT	CalPERS	Retirement Contributions (Employee & Employer)	$ 1,905.68
8/20/2026	EFT	CalPERS	457 Contributions (Payroll Deduction)	$ 6,917.01

Santa Cruz Port District
Cash/Payroll Disbursements
August 2026

Date	No.	Vendor	Description	Amount
8/20/2026	EFT	Empower Retirement	457 Loan Repayment (Payroll Deduction)	$ 257.31
8/25/2026	EFT	Cardmember Services	Fleet Fuel, *Twin Lakes* Dredge Haulout Project Temporary Paint Spray Area Supplies, *Twin Lakes* Anodes, Crane Training Lodging, Gate Track Roller, Breakroom Supplies, *Dauntless* Cutlass Bearing, Crane Training, Aluminum Rivets, Calibration Gas, Pesticide Applicator License, Travel Refreshments, First Aid Supplies, Rust Penetrating Lubricant, Office Supplies, 4th of July Parade Supplies, Dock Cleat Tools, 2-Way Hose Valves, Water Taxi Signage, Camera Memory Card, Office Supplies, Employee Recognition, *Twin Lakes* Haulout Permit Modification, Business Internet, O'Neill Sea Odyssey Event Tickets, Zoom Subscription, Board Secretary Clerk Conference Registration, 2222 East Cliff Drive Office Suite Signage	$ 16,106.04
8/30/2026	EFT	Windcave, Inc.	Concession Lot Credit Card Device Charges	$ 816.62
Total August 2026 Disbursements				**$ 4,432,269.12**

SANTA CRUZ PORT DISTRICT
135 5th Avenue
Santa Cruz, CA 95062
(831) 475-6161
scpd@santacruzharbor.org
www.santacruzharbor.org

TO: Port Commission

FROM: Holland MacLaurie, Port Director

DATE: September 15, 2026

SUBJECT: Port Director's Report – September 22, 2026

CalOES – CDAA Funding Update
Staff continues to work with CalOES to secure reimbursement for eligible projects related to the 2024 storm surge. The Port District recently received $219,413.01 for repairs associated with the F-Dock transformer damage, bringing total reimbursements received to date to $1,623,650.41. Upon completion of the G and X Dock Replacement Project, staff anticipates submitting approximately $12 million in project costs to CalOES for reimbursement. At the anticipated 75% reimbursement rate, the Port District should receive approximately $9 million, subject to CalOES review and approval.

CLASS Enhanced Cash Account
To maximize interest earnings while maintaining liquidity, the Port District opened an Enhanced Cash subaccount through CLASS. The account operates similarly to the District's existing CLASS Prime account but currently offers a slightly higher rate of return. Although the current yield of approximately 3.86% is slightly below LAIF's 3.92%, the ease of transferring funds within the CLASS platform and the account's liquidity make it a practical option for the District's investments.

Harboropoly Returns – October 1, 2026
Harboropoly will return this fall, with gameboards available beginning October 1, 2026. The promotion offers a fun way for visitors to explore the harbor and support local businesses during Murray Street Bridge construction and throughout the upcoming holiday season.

Haunted Harbor
The Haunted Harbor event will return on Saturday, October 24, 2026. Planning efforts are underway to coordinate with tenants and staff to ensure another successful family-friendly event.

Water Taxi Service
The Port District has submitted an invoice in the amount of $9,750 to the City of Santa Cruz for water taxi service provided from June through August. A similar invoice will be issued for September and October to cover the continuation of service.

California Marine Affairs and Navigation Conference (CMANC) Fall Meeting
The CMANC Fall Meeting was held in Sacramento on September 9–11, 2026. The meeting was well attended and offered valuable opportunities for staff to engage with U.S. Army Corps of Engineers representatives from the San Francisco District and the South Pacific Division. The CMANC Spring Meeting is scheduled to take place in San Pedro Bay in May 20267

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SANTA CRUZ HARBOR

TO: Port Commission

FROM: Blake Anderson, Harbormaster

DATE: September 14, 2026

SUBJECT: Harbormaster's Report – September 22, 2026

SAVE Grant Award

The Port District has received a California Division of Boating and Waterways (DBW) Surrendered and Abandoned Vessel Exchange (SAVE) Grant in the amount of $25,400. In addition, the District has approximately $3,500 available from last year's SAVE Grant. Currently, five vessels are ready for disposal with several others in progress. All are surrendered vessels occupying, or previously occupying, slips that will be made available to the waitlist.

Expired Marine Flare Turn-In Event -October 25, 2026

The Port District is hosting a second Santa Cruz County expired marine flare turn-in event on October 25, 2026, at the harbor maintenance building (425 Brommer Street) from 11 AM to 3 PM. The event is organized by the Port District, the County of Santa Cruz, the California Product Stewardship Council, CalRecycle, and the California State Parks & Coastal Commission's Boating Clean and Green Program. In addition to safe collection of expired marine flares, the campaign raises awareness about safer, reusable alternatives like electronic visual distress signals.

2026 Moore 24 National Championships – September 24-27, 2026

The Santa Cruz Yacht Club will host the 50th anniversary Moore 24 National Championships from September 24-27, 2026. Currently, 77 vessels are registered for the event, with a majority coming from out of town. End-ties will be made available for visiting participants, as will the 7th and Brommer lot for trailer storage.

County Coastal Coordination Working Group

Staff participated in a County Coastal Coordination Working Group (CCCWG) on September 14, 2026. This group of coastal stakeholders includes local, state, and federal agencies, organizations, and private- and public-sector partners. Topics included a review of recent marine incidents, staffing and training updates, and planning for the upcoming winter, which is expected to be influenced by a strong El Niño. CCCWG meets every other month to share information and to plan for coastal emergencies together.

Demolition and Reconstruction of G & X Docks Project

The rebuild of X and G Docks is nearing an end. Currently, the contractor is demolishing the final phase of the project at the south end of G-Dock. Dock and utility installation is expected to be complete by Friday, September 25, 2026. In the weeks following, crews will have various punch list items to complete in addition to aerator system installation. Full demobilization and project completion are anticipated sometime in the second or third week of October.

Concession Lot Parking Equipment

The District's new concession lot parking equipment has arrived at the harbor. Staff is coordinating with the manufacturer to determine an installation date, which will likely be mid-October.

Water Taxi Hours:

- Fridays: 3:00 PM to Dusk
- Saturdays, Sundays, and Holidays: 11:00 AM to Dusk

Fishery Update

The spring/summer commercial salmon season was closed statewide on August 19, 2026, after the Department of Fish and Wildlife determined that the harvest limit of 83,000 fish was met. The fall commercial salmon season is currently open from Point Arena to Pigeon Point and will close on September 30, 2026.

The spring/summer recreational salmon season closed on August 31, 2026. The Department of Fish and Wildlife estimated that approximately 7,200 fish were harvested in the Monterey Management Area, out of a 21,800 limit. The fall recreational salmon season (September 1-30) is still underway in the Monterey Management Area, although the fishing has slowed significantly as fish move north toward San Francisco Bay.

Fisheries Report continued on the next page.

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.

August 2026 – Total Port Landings:

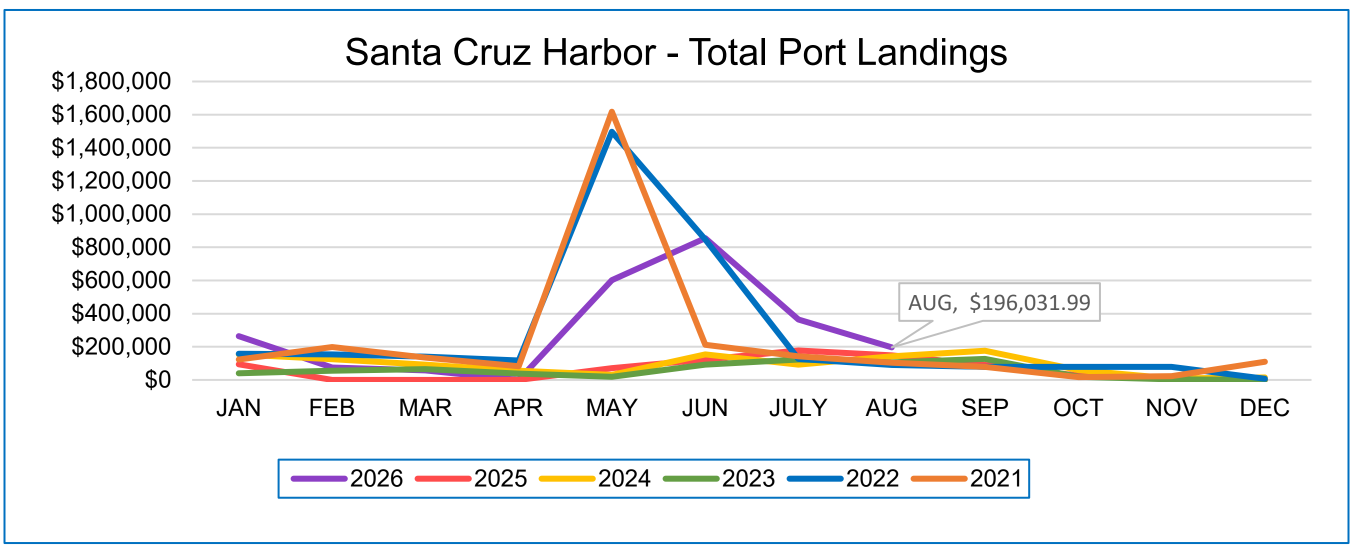
Species	Weight (lbs.)	Ex-Vessel ($ per lbs.)	Approx. Value
CA Halibut	11,134.58	$5.63	$62,686.50
Chinook Salmon	8,621.74	$11.73	$101,208.43
Pacific Mackerel	4,560.40	$1.06	$4,860.50
Rockfish (various)	2,905.54	$2.46	$7,148.79
Bluefin Tuna	1,840.55	$8.02	$14,779.60
Lingcod	517.95	$3.75	$1,942.00
Pacific Bonito	376.69	$1.92	$725.87
White Seabass	349.75	$7.66	$2,680.30
Total	**30,307.20**		**$196,031.99**

Species also landed - Jack Mackerel, Pacific Pompano, Pacific Sardine, CA Barricuda, Jacksmelt, Petrale Sole, Starry Flounder, Rock Crab, White Croaker*

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

August 2026 – Resident Buyer Landings:

Species	Weight (lbs.)	Ex-Vessel ($ per lbs.)	Approx. Value
Chinook Salmon	6,363.75	$11.50	$73,183.12
CA Halibut	5,166.65	$5.50	$28,416.57
Rockfish (various)	3,642.00	$3.00	$10,926.00
Rock Crab	1,705.00	$3.00	$5,115.00
Bluefin Tuna	1,490.00	$8.00	$11,920.00
Lingcod	339.75	$3.50	$1,189.12
Pacific Mackerel	307.10	$1.00	$307.10
Pacific Bonito	218.80	$2.00	$437.60
White Seabass	143.70	$7.50	$1,077.75
Flounder	32.30	$2.00	$64.60
Soles	5.50	$2.00	$11.00
Total	**20,328.66**		**$132,647.86**



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SANTA CRUZ HARBOR

TO: Port Commission

FROM: Carl Wulf, Facilities Maintenance & Engineering Manager

DATE: September 14, 2026

SUBJECT: Facilities Maintenance & Engineering Manager's Report – September 22, 2026

Dredging Operations:

Twin Lakes
DSC Dredge continues work on the *Twin Lakes* Dredge Haulout Project. Sandblasting and painting were completed on September 8, 2026, with scaffolding removal and grounds cleanup performed the following day. Welding is anticipated to be completed by September 17, 2026, with reassembly scheduled to begin the week of September 22, 2026. *Twin Lakes* is anticipated to be splashed during the first or second week of October.

Squirt
Squirt was splashed at the boatyard on Thursday, September 3, 2026, and will be moored at T-Dock until the 2026-27 dredge season this fall.

Dauntless
Off-season maintenance work continues on *Dauntless* in preparation for the dredge to be splashed in early October. The propeller and propeller shafts have been inspected and balanced by Bay Propeller and have been reinstalled by the dredge crew. Final painting and welding work continues, and a new radiator will be installed for the winch motor.

Maintenance:

<u>ParkMobile Implementation</u>
Maintenance staff has completed installation of the required ParkMobile signage and removal of the coin-operated parking meters throughout the harbor.

<u>Flowbird Implementation</u>
The new Flowbird equipment for the Concession Lot Parking Access & Revenue Control System has arrived. Harbor Maintenance staff will coordinate with Operations staff to schedule installation.

<u>Vegetation Removal – Santa Cruz Harbor RV Park</u>
Staff executed a contract not to exceed $13,960 with Smith & Enright Landscaping for vegetation clearing and removal adjacent to the Santa Cruz Harbor RV Park.

<u>Big Red</u>
Maintenance staff hauled out the maintenance workboat *Big Red* to perform routine maintenance, including repainting the hull and completing the 500-hour engine service.

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TO: Port Commission

FROM: Holland MacLaurie, Port Director

DATE: September 15, 2026

SUBJECT: Murray Street Bridge Seismic Retrofit & Barrier Replacement Project Update

Construction continues to advance on the south side of the bridge, with upcoming work focused on completing and commissioning the permanent sanitary sewer force main, removing the temporary bypass system, and abandoning portions of the existing force main. Crews will also continue pile installation and foundation work at several bridge supports, remove temporary roadway protection and access ramps, and perform electrical and instrumentation work associated with the new sewer system.

The bridge is scheduled to remain fully closed through September 27, 2026. Beginning Monday, September 28, 2026, the City's contractor anticipates opening a single eastbound travel lane. West Harbor pedestrian access will remain available with traffic control between 6:00 AM and 6:00 PM, while East Harbor pedestrian access will remain closed. All dates remain subject to construction progress and field conditions.

Staff continues to coordinate with the City regarding construction activities and impacts to harbor access.

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SANTA CRUZ HARBOR

TO: Santa Cruz Port Commission

FROM: Robert DeWitt, Vice-Chair

DATE: September 1, 2026

SUBJECT: 2026 California Special District Association Annual Conference

The 2026 California Special District Association (CSDA) Annual Conference was held in Palm Desert at the JW Marriott Desert Springs Resort on August 24-27, 2026. I attended on behalf of the Port District, along with 1,500 + fellow attendees. An exhibition hall included booths of firms and organizations offering a myriad of services to our special districts

Chapter Leaders Meeting

On behalf of the Santa Cruz County and San Benito County CSDA Chapter, I attended this round table along with Rachel Lather, our Chapter President. There are some 29 CSDA Chapters state-wide, and our Chapter is the most recently formed.

We were given ideas for lining up sponsors to cover the cost of meals served at Chapter meetings. There are a number of vendors who provide services to special districts who are willing to sponsor in exchange for an opportunity to promote their services. Services offered include legal, financial, audits, materials, and procurement services.

We heard from leaders from large and small Chapters for meeting protocol, speakers, and meals served. It was recommended that local legislators be invited to speak at the Chapter meeting to highlight the important work of our special districts.

Some Chapters reported holding joint Chapter meetings with an adjacent Chapter for a special meeting once a year.

Only one Chapter mentioned charging dues, typically in the $100/yr. range. Chapter dues can be used to offer scholarships.

Opening Keynote Speaker

Ben Nemtin spoke of his history as a depressed high school graduate who connected with friends that cared for him and founded a movement to create a bucket list of 100 items and went on to achieve the seemingly impossible dreams. He and his friends travelled the nation in an aged RV helping others achieve their dreams along the way. They snagged an interview with Oprah, shot hoops with Obama at the White House, assisted in the delivery of a newborn, and many other adventures. Very informative and inspiring!

Pure Water Soquel

A breakout session featuring Taj Dufour, engineering manager for the Soquel Water District, was included in the program. Taj and his legal team described the success of the project using a progressive deign build process, that was a collaborative between the project players that minimized change orders and fewer construction claims compared with the traditional design- bid-build process. It was gratifying to see our local project highlighted at the conference.

Conflicts of Interest and Ethics

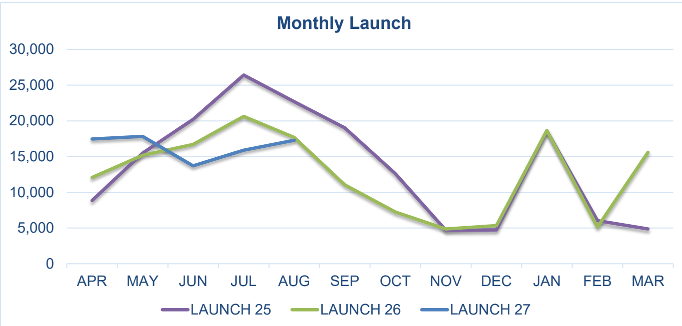
This breakout session covered GC 1090 and the Political Reform Act. Did you know that if a Board Member has a conflict regarding a contract, the entire Board may not act on the item under GC 1090? And “contract” is interpreted broadly by the courts. Violators are subject to fines up to $1,000, imprisonment, and forever disqualification from holding public office in California.

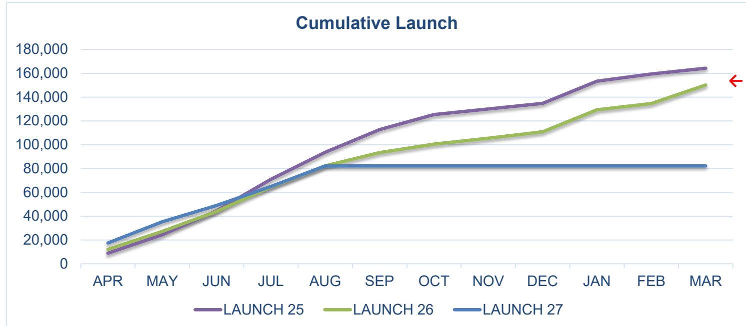
Santa Cruz Port District

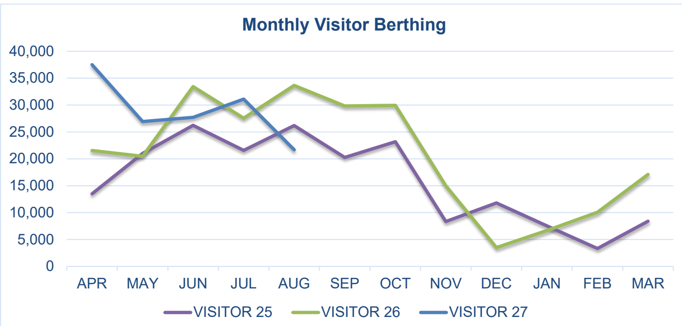
SEASONAL INCOME

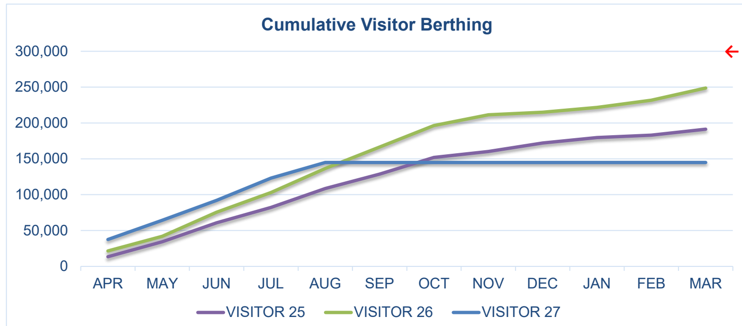
For the Five Months Ending August 31, 2026

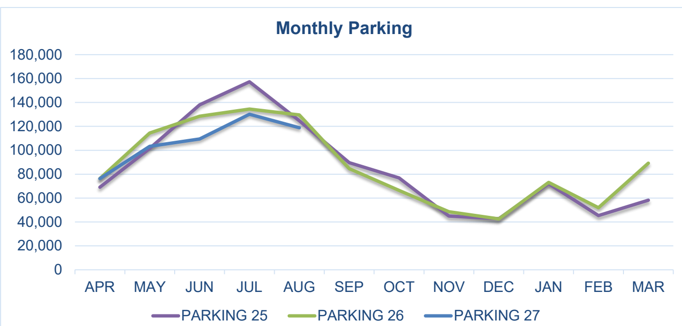
FY27 Budget ←

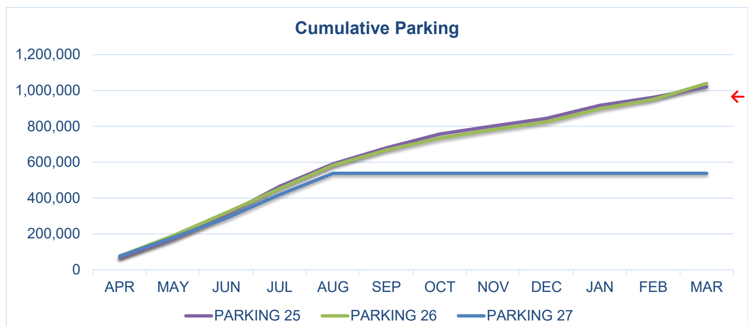


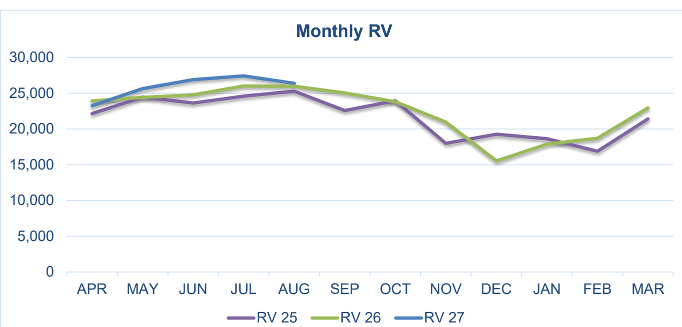


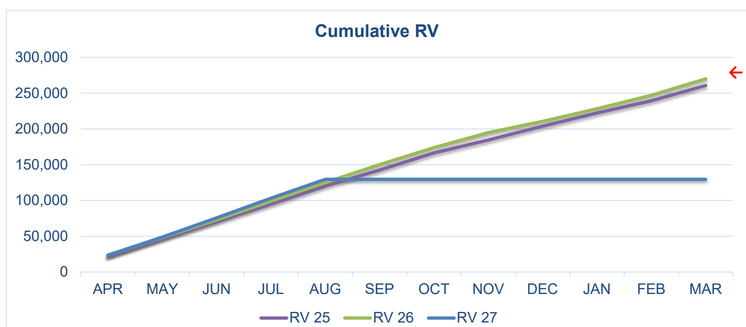












Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

September 02, 2026

LAIF Home
PMIA Average Monthly Yields

SANTA CRUZ PORT DISTRICT

PORT DIRECTOR
135 5TH AVENUE
SANTA CRUZ, CA 95062

Tran Type Definitions

Account Number: 80-44-001

August 2026 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	325,249.78
Total Withdrawal:	0.00	Ending Balance:	325,249.78

Investor ID:

0000073-0000361 PDFT 221701

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

California CLASS

California CLASS

Average Monthly Yield: 3.7484%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
Port District Main	21,620,176.91	0.00	4,100,000.00	57,683.33	540,504.04	17,993,005.40	17,577,860.24
TOTAL	**21,620,176.91**	**0.00**	**4,100,000.00**	**57,683.33**	**540,504.04**	**17,993,005.40**	**17,577,860.24**

California CLASS Enhanced Cash

Average Monthly Yield: 3.8429%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
Port District Secondary	0.00	100,000.00	0.00	42.26	42.26	16,130.40	100,042.26
TOTAL	**0.00**	**100,000.00**	**0.00**	**42.26**	**42.26**	**16,130.40**	**100,042.26**

Account Number:

Port District Main

Account Summary

Average Monthly Yield: 3.7484%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
California CLASS	21,620,176.91	0.00	4,100,000.00	57,683.33	540,504.04	17,993,005.40	17,577,860.24

Transaction Activity

Transaction Date	Transaction Description	Contributions	Withdrawals	Balance	Transaction Number
08/01/2026	Beginning Balance			21,620,176.91	
08/04/2026	Withdrawal		3,500,000.00		22140
08/04/2026	Withdrawal		500,000.00		22145
08/27/2026	Transfer Out to CA-01-0076-E001		100,000.00		22376
08/31/2026	Income Dividend Reinvestment	57,683.33			
08/31/2026	Ending Balance			17,577,860.24	

California CLASS

Account Number:

Port District Secondary

Account Summary

Monthly Distribution Yield: 3.8429%

	Beginning Market Value	Contributions	Withdrawals	Income Earned	Current Month Unrealized G/L	Ending Market Value
California CLASS Enhanced Cash	0.00	100,000.00	0.00	42.26	0.00	100,042.26

Transaction Activity

Transaction Date	Transaction Description	Contributions	Withdrawals	Balance	NAV	Shares	Realized G/L
08/27/2026	Transfer In from CA-01-0076-0001	100,000.00			10.00	10,000.000	
08/31/2026	Income Dividend Reinvestment	42.26			10.00	4.226	
08/31/2026	Ending Balance			100,042.26	10.00	10,004.226	

California CLASS

	California CLASS		California CLASS Enhanced Cash	
Date	Dividend Rate	Daily Yield	Dividend Rate	Daily Yield
08/01/2026	0.000000000	3.7567%	0.000000000	3.8468%
08/02/2026	0.000205844	3.7567%	0.002107858	3.8468%
08/03/2026	0.000102625	3.7458%	0.001053258	3.8444%
08/04/2026	0.000102533	3.7425%	0.001047517	3.8234%
08/05/2026	0.000102638	3.7463%	0.001052681	3.8423%
08/06/2026	0.000102606	3.7451%	0.001053117	3.8439%
08/07/2026	0.000307731	3.7441%	0.003160890	3.8458%
08/08/2026	0.000000000	3.7441%	0.000000000	3.8458%
08/09/2026	0.000000000	3.7441%	0.000000000	3.8458%
08/10/2026	0.000102355	3.7360%	0.001051726	3.8388%
08/11/2026	0.000102538	3.7426%	0.001053516	3.8453%
08/12/2026	0.000102505	3.7414%	0.001053992	3.8471%
08/13/2026	0.000102463	3.7399%	0.001051809	3.8391%
08/14/2026	0.000307629	3.7428%	0.003152292	3.8353%
08/15/2026	0.000000000	3.7428%	0.000000000	3.8353%
08/16/2026	0.000000000	3.7428%	0.000000000	3.8353%
08/17/2026	0.000102638	3.7463%	0.001051001	3.8323%
08/18/2026	0.000102926	3.7568%	0.001052735	3.8386%
08/19/2026	0.000102823	3.7530%	0.001053440	3.8412%
08/20/2026	0.000102446	3.7393%	0.001051831	3.8354%
08/21/2026	0.000307422	3.7403%	0.003154086	3.8375%
08/22/2026	0.000000000	3.7403%	0.000000000	3.8375%
08/23/2026	0.000000000	3.7403%	0.000000000	3.8375%
08/24/2026	0.000102825	3.7531%	0.001052722	3.8424%
08/25/2026	0.000102852	3.7541%	0.001053739	3.8462%
08/26/2026	0.000103055	3.7615%	0.001054389	3.8485%
08/27/2026	0.000102991	3.7592%	0.001054162	3.8477%
08/28/2026	0.000308967	3.7591%	0.003169133	3.8558%
08/29/2026	0.000000000	3.7591%	0.000000000	3.8558%
08/30/2026	0.000000000	3.7591%	0.000000000	3.8558%
08/31/2026	0.000103168	3.7656%	0.001056898	3.8577%

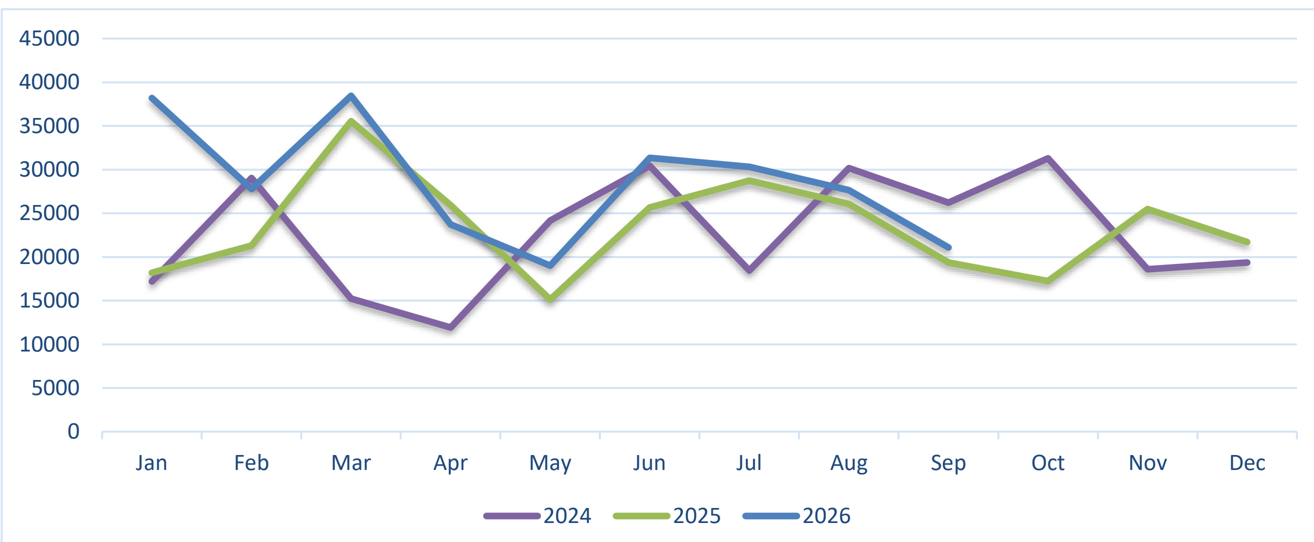
Performance results are shown net of all fees and expenses and reflect the reinvestment of dividends and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves 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 September 17, 2026

Account Number	Current Month	30 Day Balance	60 Day Balance	90 Day Balance	Total Balance
55454	1,243.96	1,233.97	1,170.50	0.00	3,648.43
57057	471.05	1,381.33	635.81	0.00	2,488.19
2093	682.14	676.75	646.37	0.00	2,005.26
55439	531.42	527.27	452.68	0.00	1,511.37
55118	722.40	717.40	46.11	0.00	1,485.91
56573	704.47	663.98	93.31	0.00	1,461.76
46473	470.55	504.59	437.94	0.00	1,413.08
45299	542.95	542.01	112.74	0.00	1,197.70
45941	540.97	578.48	56.34	0.00	1,175.79
58564	350.66	347.99	320.32	0.00	1,018.97
58241	320.21	317.78	189.80	0.00	827.79
60930	38.00	593.91	44.65	0.00	676.56
58197	187.77	186.43	185.10	0.00	559.30
57927	176.96	175.71	130.96	0.00	483.63
60460	188.40	187.06	14.27	0.00	389.73
58522	104.87	104.21	78.56	0.00	287.64
47103	96.49	95.91	69.33	0.00	261.73
59898	96.05	95.47	16.25	0.00	207.77
Total	**$ 7,469.32**	**$ 8,930.25**	**$ 4,701.04**	**$ -**	**$ 21,100.61**

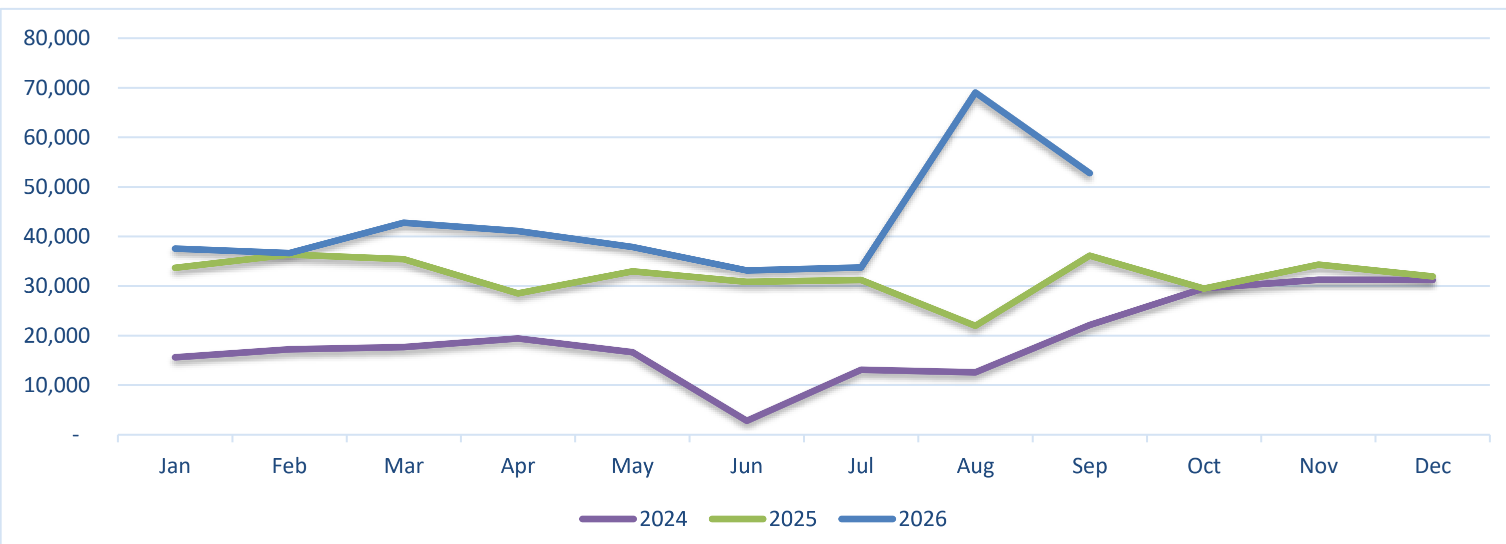


Santa Cruz Port District

90+ DAY DELINQUENT ACCOUNTS

The following accounts have balances 90 days delinquent or greater as of September 17, 2026

Account Number	Current Month	30 Day Balance	60 Day Balance	90+ Day Balance	Total Balance	Commercial Slip	Action
58883	70.93	22,561.02	70.93	5,901.52	28,604.40	X	Pending
58618	999.30	971.80	964.31	4,997.15	7,932.56		Revoke
3094	512.69	512.57	546.43	2,862.71	4,434.40	X	Revoke
56970	588.29	621.39	578.80	354.24	2,142.72		Revoke
46325	-	-	-	1,767.13	1,767.13		Bad Debt
57912	-	-	-	1,743.66	1,743.66		Bad Debt
58496	323.48	321.05	318.63	291.20	1,254.36		Revoke
47207	381.47	345.32	352.13	49.50	1,128.42		Revoke
61215	104.13	103.50	102.88	450.14	760.65		Revoke
58813	178.36	177.11	191.27	152.67	699.41		Revoke
57958	-	-	-	688.24	688.24		Bad Debt
58302	101.07	100.45	99.83	384.67	686.02		Revoke
60043	179.61	178.37	179.57	6.51	544.06	X	Revoke
2036	97.09	96.50	95.92	70.33	359.84		Revoke
Total	**$ 3,536.42**	**$ 25,989.08**	**$ 3,500.70**	**$ 19,719.67**	**$ 52,745.87**		



SANTA CRUZ PORT DISTRICT
135 5th Avenue
Santa Cruz, CA 95062
(831) 475-6161
scpd@santacruzharbor.org
www.santacruzharbor.org

TO: Port Commission

FROM: Sean Rothwell, Assistant Harbormaster

DATE: September 1, 2026

SUBJECT: Harbor Patrol Incident Response Report – August 2026

Search and Rescue, Patrol Boat Response

8/14/26 Harbor Patrol responded to a report of a disabled vessel in the main channel. Upon arrival, Harbor Patrol contacted the operator, who indicated that the vessel had suffered a propeller failure. Harbor Patrol towed the vessel back to its slip.

8/15/26 Harbor Patrol responded to a report of multiple surfers in distress in the area of Pleasure Point Beach. Prior to arrival, State Parks rescue swimmers assisted the victims safely to shore. Harbor Patrol returned to the harbor without incident.

8/15/26 Harbor Patrol responded to a report of a vessel fire offshore. Upon arrival, Harbor Patrol contacted the operator, who indicated that the flames had been extinguished. Harbor Patrol towed the vessel back to the harbor, where Central Fire paramedics evaluated the crew. No injuries reported.

8/23/26 Harbor Patrol responded to a report of a swimmer in distress in the area of Mitchell's Cove Beach. Prior to arrival, the swimmer self-rescued. Harbor Patrol returned to the harbor without incident.

8/26/26 Harbor Patrol responded to a report of an unidentified object in the water in the area of Cowell Beach. Upon arrival, the object was determined to be a buoy. Harbor Patrol returned to the harbor without incident.

8/26/26 Harbor Patrol responded to a report of a cliff rescue in the area of West Cliff Drive. Upon arrival, State Parks rescue swimmers assisted the victim safely to shore. Harbor Patrol returned to the harbor without incident.

8/27/26 Harbor Patrol responded to a report of a capsized kayak one mile offshore. Upon arrival, Harbor Patrol assisted the victim onboard the patrol vessel and transported them back to the harbor. A Santa Cruz Fire personnel watercraft operator towed the kayak back to the harbor. The victim declined further medical attention. No injuries reported.

8/30/26 Harbor Patrol responded to a report of multiple surfers in distress in the area of 38th Avenue. Upon arrival, State Parks personal watercraft operators assisted the surfers safely to shore. Harbor Patrol returned to the harbor without incident.

Crime Reports, Assist Outside Department, and Incident Reports

8/1/26 Harbor Patrol took an accident report after a vessel departing its slip collided with a moored vessel in the area of X-Dock. Harbor Patrol contacted both subjects and facilitated the exchange of information. Minor damage reported.

8/6/26 Harbor Patrol responded to a report of a juvenile who tripped and fell in the area of the Townsend Plaza. Upon arrival, Harbor Patrol assisted the victim, who had sustained a minor head injury. The victim was evaluated by paramedics and transported to Dominican Hospital by a family member.

8/20/26 Harbor Patrol responded to a report of a medical emergency after a subject tripped and fell on a jetty rock in the area of Harbor Beach. Upon arrival, Harbor Patrol administered first aid to the victim, who sustained a severe foot injury. The victim was evaluated by paramedics and transported to Dominican Hospital by ambulance.

8/22/26 Harbor Patrol responded to a report of a medical emergency after a subject lost consciousness while onboard the water taxi. Upon arrival, Harbor Patrol assisted the subject, who was conscious and breathing. The victim was evaluated by paramedics and transported to Dominican Hospital by ambulance.

Parking Citations:

August 2026 Parking Citations:	339
August 2025 Parking Citations:	411

Santa Cruz Port District

Port Commission Review Calendar / Follow-Up Items 2026-27

2026

January-March

- ✓ Committee Assignments for 2026
- ✓ Port District Priorities 2026
- ✓ Annual Review of Vessel Use List - 2025
- ✓ FY27 Budget
- ✓ Review 5-year CIP
- ✓ Annual Review of Business Use of Slips – 2025
- ✓ Annual Review of Slip Vacancy / Waiting List Statistics – 2025
- ✓ Annual Sea Scouts' Report
- ✓ Form 700 Filing (due by 3/31 each year)

April-June

- ✓ UC Santa Cruz Lease Exp. 6/30/26
- ✓ Biennial Update to Conflict-of-Interest Code
- ✓ Election Resolutions
- ☐ Dredge Report 2025-26 (postponed until October)

July-September

- ✓ Annual O'Neill Sea Odyssey Report

October-December

- ☐ Mid-Fiscal Year Review of CIP
- ☐ Review of CalPERS Actuarial Valuation Report
- ☐ Ethics Training Update (due by year-end)
- ☐ Biennial Anti-Harassment/Anti-Discrimination Training
- ☐ Port Commission Officers for 2027

Committee Review Items

TBD

2027

January-March

- ☐ Committee Assignments for 2027
- ☐ Port District Priorities 2027
- ☐ Annual Review of Vessel Use List - 2026
- ☐ Annual Review of Business Use of Slips – 2026
- ☐ Annual Review of Slip Vacancy / Waiting List Statistics - 2026
- ☐ Bayside Marine Lease Exp. 1/31/27
  2nd (3) year option to extend / rent review
- ☐ FY28 Budget
- ☐ Review 5-year CIP
- ☐ Annual Sea Scouts' Report
- ☐ Form 700 Filing (due by 3/31 each year)

April-June

- ☐ Chardonnay Lease Exp. 5/31/27
- ☐ Dredge Report 2026-27

July-September

- ☐ Annual O'Neill Sea Odyssey Report

October-December

- ☐ Mid-Fiscal Year Review of CIP
- ☐ Review of CalPERS Actuarial Valuation Report
- ☐ Crow's Nest Restaurant Lease Exp. 12/31/27
  1st (5) year option to extend / rent review
- ☐ Ethics Training Update (due by year-end)
- ☐ Port Commission Officers for 2028

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 9/14/26