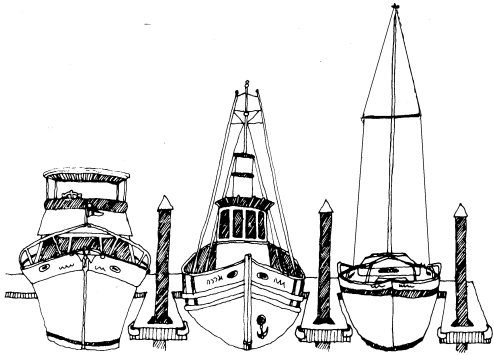

Santa Cruz Harbor

A PORT DISTRICT IS A PORT DISTRICT



One of the most difficult questions we have to answer at the front counter is "What is a Port District?" Nothing short of a paragraph does it justice. Frankly, it is a rather strange bird. A rare one, too. There are only three Port Districts authorized in the State Harbors and Navigation Code: Ventura, Noyo, and Santa Cruz.

First of all, a Port District is a special district. It's closely akin to other special districts: sanitation districts, library districts, recreation districts, even mosquito abatement districts. They are single-purpose governments organized to provide a specific service or product. The 2012 Census showed some 38,266 units of district governments in the U.S. In California, the number was 2,861 excluding school districts. They are, by far, the most numerous form of government -- outnumbering counties and cities by a long way. The controller of the State of California defines a district as "a legally constituted governmental entity, which is neither a city nor a county, established for the specific purpose of carrying out specific activities within defined boundaries." Districts also exercise many of the same powers of other units of governments: including the right to "have succession, to sue and be sued, to acquire real or personal property, to exercise the right of eminent domain, and to tax," among other things.

It is interesting to note that the authority of all special districts is derived from the state and not from cities and counties. Special districts are political subdivisions of the State of California. Santa Cruz Port District was voted into law in the general election in 1950 to organize, fund, build and administer Santa Cruz Harbor. The Port District receives its statutory authority from the Harbors and Navigation Code of the State of California.

Port Districts have all the rights of other special districts, but since they administer harbors, wharves, and channels, they have the additional right to pass ordinances and enforce regulations within their boundaries. Violations of harbor ordinances are "infractions" under the law. The Port District's patrol personnel are also responsible for enforcing the General Navigation and Safety Regulations of the Harbors and Navigation Code (including California Boating Law).

More than anything else, the Port District is a financial being. It has the "powers of purse" which enable it to function in this free market system. The Port District is, of course, a tax district. This comprises a 37 sq. mile area which includes the City of Santa Cruz and the areas of Live Oak, Soquel, and the unincorporated parts of Capitola. The tax, which was originally \$.10 per \$100 property value, was a very important part of the harbor financial picture. Fortunately, the Port District also has the power to acquire land, lease concessions, develop rents, and enterprises which all result in operating income.

Over the years, the mix of income has drastically changed. The Port District has been able to shift the burden away from taxes and to the users. The following events are significant milestones in the Port District's history:

- 1964 was the first full year of operation of the south harbor;
- 1973 was the first full year of operation of the north harbor;
- 1979 Proposition 13 reduced the Port District's tax income by 60%;
- 1987 was the first full year that the Port District took on dredging responsibility from the federal government -- a \$600,000/year expense at that

time. Annual dredging costs now exceed \$1 million/year.

- In 1991, a series of negotiations were conducted with the City of Santa Cruz and the County of Santa Cruz over the Port District's remaining property tax funds. Essentially, the city and county wanted the Port District's property tax money to fund their own general public programs, rather than the Port's public programs. Under a threat of dissolution of the Port District, the District agreed to surrender the property tax money, phased out over five years.
- Since 1996, the Port District has been self-supporting with no tax revenues, relying on rents and user fees to fund its operations and maintenance needs.

Gateway to the Monterey Bay National Marine Sanctuary

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