



VENTURA PORT DISTRICT BOARD OF PORT COMMISSIONERS

Chris Stephens, Chairman
Brian Brennan, Vice Chairman
Everard Ashworth, Commissioner
Jean Getchell, Commissioner

Oscar Peña, General Manager
Brian Pendleton, Deputy General Manager
Timothy Gosney, Legal Counsel
Jessica Rauch, Clerk of the Board

PORT COMMISSION AGENDA REGULAR MEETING FEBRUARY 20, 2019 AT 7:00PM VENTURA PORT DISTRICT OFFICE 1603 ANCHORS WAY DRIVE, VENTURA, CA

*A Closed Session of the Board will be held at **5:30PM** at the Port District Office located at 1603 Anchors Way Drive, Ventura, CA, to discuss the items on the Attachment to Agenda-Closed Session Conference with Legal Counsel.*

*The Board will convene in **Open Session** at the Port District Office located at 1603 Anchors Way Drive for its Regular Meeting at **7:00PM**.*

ADMINISTRATIVE AGENDA:

CALL TO ORDER: *By Chairman Chris Stephens.*

PLEDGE OF ALLEGIANCE: *By Chairman Chris Stephens.*

ROLL CALL: *By the Clerk of the Board.*

ADOPTION OF AGENDA (3 minutes)

Consider and approve, by majority vote, minor revisions to agenda items and/or attachments and any item added to, or removed/continued from the Port Commission's agenda. Administrative Reports relating to this agenda and materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the Port District's office located at 1603 Anchors Way Drive, Ventura, CA during business hours as well as on the District's website - www.venturaharbor.com. Each item on the agenda shall be deemed to include action by an appropriate motion, resolution or ordinance to take action on any item.

APPROVAL OF MINUTES (3 minutes)

The Minutes of the February 6, 2019 Regular Meeting will be considered for approval.

PUBLIC COMMUNICATIONS (3 minutes)

The Public Communications period is set aside to allow public testimony on items not on today's agenda. Each person may address the Commission for up to three minutes or at the discretion of the Chair.

CLOSED SESSION REPORT (3 minutes)

Closed Sessions are not open to the public pursuant to the Brown Act. Any reportable actions taken by the Commission during Closed Session will be announced at this time.

BOARD COMMUNICATIONS (5 minutes)

Port Commissioner's may present brief reports on port issues, such as seminars, meetings and literature that would be of interest to the public and/or Commission, as a whole. Port Commissioner's must provide a brief summary and disclose any discussions he or she may have had with any Port District Tenants related to Port District business.

DEPARTMENTAL AND GENERAL MANAGERS REPORTS (5 minutes)

Ventura Port District Staff and General Manager will give the Commission reports on their Department and items of general interest to the Port Commission and members of the public.

LEGAL COUNSEL REPORT (5 minutes)

CONSENT AGENDA: (5 minutes)

Matters appearing on the Consent Calendar are expected to be non-controversial and will be acted upon by the Board at one time, without discussion, unless a member of the Board or the public requests an opportunity to address any given item. Approval by the Board of Consent Items means that the recommendation is approved along with the terms set forth in the applicable staff reports.

A) Approval of Out of Town Travel Requests

Recommended Action: Voice Vote.

That the Board of Port Commissioners approve the out of town travel requests for Senior Harbor Patrolman, Pat Hummer to travel to Sacramento, CA to participate in the California Boating Congress.

STANDARD AGENDA:

1) Approval of Second Amendment to Professional Services Agreement with Swift Chip (10 minutes)

Recommended Action: Voice Vote.

That the Board of Port Commissioners approve the Second Amendment to the Professional Services Agreement with Swift Chip in the amount of \$37,800 for District Information Technology services.

2) Approval of Fiscal Year 2017-2018 Audit (15 minutes)

Recommended Action: Voice Vote.

That the Board of Port Commissioners approve the acceptance of the Basic Financial Statements and Supplementary Information with Independent Auditor's Report for the Year Ended June 30, 2018, prepared by White Nelson Diehl Evans, LLP.

REQUEST FOR FUTURE AGENDA ITEMS

ADJOURNMENT

*This agenda was posted on Friday, February 15, 2018 by 5:00 p.m. at the Port District Office
and on the Internet - www.venturaharbor.com.*

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*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Ventura Port District at (805) 642-8538. Notification 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility.
(28 CFR 35.102.35.104 ADA Title II)*

**ATTACHMENT TO PORT COMMISSION AGENDA
CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL**

WEDNESDAY, FEBRUARY 20, 2019

1. Conference with Real Property Negotiators - Per Government Code Section 54956.8:

- a) Property: **1410 Angler Court**
Negotiating Parties: Oscar Peña, Brian Pendleton, Timothy Gosney
Under Negotiation: Karen Dupuy dba Harbor Boat and Self-Storage
New Sublease
(Verbal Report)
- b) Property: **Federal Authorized Sea Bottom**
Negotiating Parties: Oscar Peña, Brian Pendleton, Timothy Gosney
Under Negotiation: Army Corps of Engineers
Sea Bottom Aquaculture Master Permit
(Verbal Report)
- c) Property: **Parcel 20**
Negotiating Parties: Oscar Peña, Timothy Gosney, Dominic Nunneri
Under Negotiation: Ventura Harbor Marine Assoc., LLC
Request for Consideration of a New Lease

- 2. **Conference with Legal Counsel – Anticipated Litigation:** Significant exposure to litigation pursuant to Section 54956.9(d)(4): One (1) case. (Verbal Report)
- 3. **Conference with Legal Counsel – Pending Litigation per Section 54956.9(d)(1):** Chrysiliou Living Trust, et. al, v. Ventura Port District, Case No. 56-2018-CU-PA-VTA. (Verbal Report)
- 4. **Conference with Legal Counsel - Pending Litigation per Government Code Section 54956.9(d)(1):** Rosemary Lazard vs. Ventura Port District; Case No. 56-2017-00500990-CU-PO-VTA. (Verbal Report)
- 5. **Conference with Legal Counsel - Pending Litigation per Government Code Section 54956.9(d)(1):** Sandra Aiken, Ashley Hwang, Janice Hwang, and Priscilla Levy vs. Ventura Port District Public Facilities Corporation DBA Ventura Harbor Village, and Does 1-20 Inclusive, Ventura Superior Court Case No. 56-2018-00513846-CU-MC-VTA. (Verbal Report)
- 6. **Conference with Legal Counsel – Per Government Code Section 54957(b)(1):** To consider the continued employment of the General Manager, and the terms thereof [excluding compensation]. (Verbal Report)



BOARD OF PORT COMMISSIONERS

FEBRUARY 20, 2019

APPROVAL OF MINUTES

FEBRUARY 6, 2019

VENTURA PORT DISTRICT

BOARD OF PORT COMMISSIONERS MINUTES OF FEBRUARY 6, 2019



The Regular Meeting of the Ventura Board of Port Commissioners was called to order by Chairman Everard Ashworth at 7:16PM at the Ventura Port District Administration Office, 1603 Anchors Way Drive, Ventura, CA 93001.

Commissioners Present:

Everard Ashworth, Chairman
Brian Brennan, Vice Chairman
Chris Stephens
Jean Getchell

Commissioners Absent:

None.

Port District Staff:

Oscar Peña, General Manager
Brian Pendleton, Deputy General Manager
Joe Gonzalez, Facilities Manager
Gloria Adkins, Accounting Manager
Dave Werneburg, Marina Manager
Richard Parsons, Consultant
Robbie Armstrong-Dunham, Clerk of the Board

Legal Counsel:

Timothy Gosney
Dominic Nunneri

AGENDA

CALL TO ORDER: By Chairman Ashworth at 7:16PM.

PLEDGE OF ALLEGIANCE: By Commissioner Getchell.

ROLL CALL: All Commissioners were present.

ELECTION OF OFFICERS

ACTION: Commissioner Brennan moved, seconded by Commissioner Getchell and carried by a vote of 4-0 to nominate Commissioner Stephens as Chairman.

ACTION: Chairman Stephens moved, seconded by Commissioner Ashworth and carried by a vote of 4-0 to keep Commissioner Brennan as Vice Chair.

ACTION: Commissioner Brennan moved, seconded by Commissioner Ashworth and carried by a vote of 4-0 to nominate Commissioner Getchell as Secretary.

ADOPTION OF AGENDA

Comment from Tim Gosney: Closed Session Item 2 should be 54956.9(d)4 not 54956.9(d)1.

ACTION: Commissioner Brennan moved, seconded by Commissioner Ashworth and carried by a vote of 4-0 to approve the February 6, 2019 agenda.

APPROVAL OF MINUTES

The Minutes of the January 16, 2019 Regular Meeting and January 31, 2019 Special Closed Session were considered as follows:

ACTION: Commissioner Getchell moved, seconded by Commissioner Ashworth and carried by a vote of 4-0 to approve the January 16, 2019 Regular Meeting, with the following revision:

CLOSED SESSION REPORT: Mr. Gosney stated that the Board met in closed session; discussed and reviewed all items ~~expect~~except items 4 and 5 on the closed session agenda. Staff was given instructions on how to proceed as appropriate and there was no action taken that is reportable under The Brown Act. The Board will reconvene after open session to review and discuss Items 4 and 5.

ACTION: Commissioner Brennan moved, seconded by Commissioner Ashworth and carried by a vote of 3-0 (Getchell abstained) to approve January 31, 2019 Special Closed Session Minutes.

PUBLIC COMMUNICATIONS: New City Councilmember and Port District liaison, Lorrie Brown was introduced and she gave a brief introduction about herself. General greetings and appreciation from Rochelle Cooper with *Just 4 Dreamers*. Tara Pielat from *Rated Sports* is a new office tenant in Harbor Village who introduced herself to the Board.

CLOSED SESSION REPORT: Mr. Gosney stated that the Board met in closed session; discussed and reviewed all items except Item 6 on the closed session agenda. Staff was given instructions on how to proceed as appropriate and there was no action taken that is reportable under The Brown Act. The Board will reconvene after open session to review and discuss Item 6.

BOARD COMMUNICATIONS: Commissioner Ashworth was interviewed by "The Log" and will be traveling to New Orleans on VSE business. Commissioner Getchell would like to see East Ventura targeted more for VHV marketing. Commissioner Brennan requested some updates from the Harbor Patrol regarding birds covered in oil in the harbor and the harbor drowning report of an 80 year old woman.

STAFF COMMUNICATIONS: Jennifer Talt-Lundin, Marketing Director gave an update on the upcoming 'Tall Ships' event.

LEGAL COUNSEL REPORT: Mr. Gosney reported that that staff is working on ADA issues to bring back to the Board. Counsel will be meeting with staff next week.

The Port Commission adjourned and convened as the Board of Directors of the Ventura Port District Public Facilities Corporation at 7:44PM.

The Board of Directors of the Ventura Port District Public Facilities Corporation adjourned and reconvened the Regular Meeting of the Ventura Port District Board of Port Commissioners at 7:48 PM.

CONSENT AGENDA:

A) Approval of New Office Lease Agreement for Tara Pielaet dba Rated Sports

Recommended Action: Voice Vote.

That the Board of Port Commissioners approve a new Office Lease Agreement between the Ventura Port District dba Ventura Harbor Village and Tara Pielaet dba Rated Sports for space located at 1591 Spinnaker Drive #201 consisting of approximately 746 square feet for a two (2) year term with a two (2) year option.

ACTION: Commissioner Getchell moved, seconded by Commissioner Ashworth and carried by a vote of 4-0 to approve a new Office Lease Agreement between the Ventura Port District dba Ventura Harbor Village and Tara Pielaet dba Rated Sports for space located at 1591 Spinnaker Drive #201 consisting of approximately 746 square feet for a two (2) year term with a two (2) year option.

B) Approval of New Retail Lease Agreement for Silhouettes Salon

Recommended Action: Voice Vote.

That the Board of Port Commissioners approve a new Retail Lease Agreement between the Ventura Port District dba Ventura Harbor Village and Silhouettes Salon for space located at 1591 Spinnaker Drive #117B consisting of approximately 761 square feet for a two (2) year term with a two (2) year option.

ACTION: Commissioner Getchell moved, seconded by Commissioner Ashworth and carried by a vote of 4-0 to approve a new Retail Lease Agreement between the Ventura Port District dba Ventura Harbor Village and Silhouettes Salon for space located at 1591 Spinnaker Drive #117B consisting of approximately 761 square feet for a two (2) year term with a two (2) year option.

STANDARD AGENDA:

1) Approval of FY 2018-2019 Mid-Year Budget Adjustments and Capital Improvement Plan

Recommended Action: Roll Call Vote.

That the Board of Port Commissioners adopt Resolution No. 3367, approving the Mid-Year Budget Adjustments for Fiscal Year 2018-19.

ACTION: Commissioner Getchell moved, seconded by Commissioner Brennan and carried by a vote of 4-0 to adopt Resolution No. 3367 approving the Mid-Year Budget Adjustments for Fiscal Year 2018-19.

2) Approval of New Professional Services Agreement with Maine Marine Composites

Recommended Action: Roll Call Vote.

That the Board of Port Commissioners approve a new Professional Service Agreement with Maine Marine Composites, in the amount of \$8,250 for professional services to provide oceanic engineering analysis related to the Ventura Shellfish Enterprise project.

ACTION: Commissioner Brennan moved, seconded by Commissioner Getchell and carried by a vote of 4-0 to approve a new Professional Services Agreement with Maine Marine Composites in the amount of \$8,250 for professional services to provide oceanic engineering analysis related to the Ventura Shellfish Enterprise project.

AGENDA PLANNING GUIDE AND REQUEST FOR FUTURE AGENDA ITEMS: Commissioner Brennan reiterated the need for a Harbor Patrol report/update. Commissioner Ashworth would like updates on the painting project as well as and 'education' on the Harbor Patrol 24/7 work issues – could just be an Information Item/Staff Report on an upcoming Agenda.

ADJOURNMENT: The public meeting was adjourned at 8:15PM and Closed Session was to reconvene.

Secretary



BOARD OF PORT COMMISSIONERS FEBRUARY 20, 2019

DEPARTMENTAL STAFF REPORTS

DREDGING
FEDERAL
FACILITIES
HARBOR PATROL
MARINA
MARKETING
PROPERTY

February 20, 2019

Board of Port Commissioners
Ventura Port District
1603 Anchors Way Drive
Ventura, CA 93001

Subject: January/February 2019 Dredging Activities and Special Projects Report

The Dredging Program Manager's activities for the January/February 2019 period included the following:

FY2019 Corps of Engineers Dredging

The Los Angeles District of the U.S. Army Corps of Engineers opened competitive bids for a three year maintenance dredging program of the Ventura Harbor federal channel area on January 17, 2019. The following two bids were received:

Manson Construction Company	\$10,887,500
The Dutra Group	\$17,500,000

The Los Angeles District now has a contract in place with Manson Construction, and expects the FY2019 dredging effort at Ventura Harbor Will commence in mid-March. My expectation is that approximately 550,000 cubic yards of material will be dredged by Manson, which will have a cost of about \$4,700,000 (the mobilization cost is \$1,250,000 and cubic yard cost is \$6.25). The Los Angeles District presently has \$8,370,000 available to fund the dredging at Ventura Harbor so about \$3,600,000 will be carried over to support the 2020 dredging effort.

FY2020 Federal Dredging Funds

The Administration is expected to release the details of its FY2020 proposed federal budget the week of March 18, 2019. I am not optimistic that funding for the dredging of Ventura Harbor will be included given the Administration's budget guidance that funding requests for all major funding categories be reduced 5% below the FY2019 request. Fortunately, however, the Administration's position only represents the beginning of the Congressional appropriations process. Over the last several years, the Congress has rather routinely included substantial increases in the appropriation for the Corps of Engineer's civil works program and instructed the Corps to develop a "work program" for the expenditure of those additional funds.

In FY2019 the Corps received \$3 million in work plan funds for the dredging of Ventura Harbor. It is thus incumbent upon the Port District 1) to impress upon members of Congress the importance of including work plan funds in the FY2020 appropriations and 2) to work closely with the Corps to ensure that a portion of those funds are allocated to Ventura Harbor.

Shoreline Retreat

Over the past two and half months much of the beach to the south of the harbor's south jetty has experienced the most dramatic retreat seen in more than 30 years. Much of the beach has lost about 300 feet in width and the shoreline is now at the toe of the sand dunes. The attached aerial photos depict the significant retreat between February 2018 and January 2019. Hopefully, further retreat will not be experienced between now and the mid-March commencement of the Corps of Engineers dredging effort and the renourishment of these beaches.

Regulatory Matters

1. We are still waiting upon the Southern California Dredging Material Management Team (SCDMMT) to finalize its conclusions relative the results of the District's October 2018 sediment sampling in the inner harbor.
2. The Corps of Engineers Regulatory Branch has advised us that at the insistence of the Environmental Protection Agency, the District's dredging permit will be revised in the near future to eliminate an offshore disposition site south of the mouth of the Santa Clara River. This site has been utilized twice in the last 36 years and thus is not normally critical to the District's dredging operations. It will eliminate, however, the option of utilizing floating clam shell and damp scow dredging equipment.
3. The District's 2018 Emission Inventory Update Survey pursuant to Permit to Operate 01139 was submitted to the Ventura County Air Pollution Control District on February 14, 2019.
4. We have been having ongoing discussions with the staff of the California Coastal Commission regarding the shoreline monitoring program and the least tern and western snowy plover monitoring required by CDP 4-16-0333. The staff is not completely satisfied with our monitoring efforts but I am sure will be able to work out acceptable modifications.

Fish Pier Deck Repairs

The District's contractor on the Fish Pier Deck Repair project, Garland/DBS is now making good progress despite the rainy weather conditions. The eastern half of the pier should be completed by February 16, 2019. Work will then shift to the western half.

1431 & 1691 Spinnaker Seismic Evaluation

With the reopening of portions of the federal government, RGSE, Inc. Structural Engineers was finally able to gain access on January 30, 2019 to 1431 and 1691 Spinnaker Drive to perform a seismic inspection of those National Park Service occupied buildings. RGSE is now evaluating the inspection results and determining the probable cost of seismically upgrading the building to meet federal standards. They expect to have their report available by the end of February 2019.

Ventura Harbor Village Commercial Dock Replacement Project

Bellingham Marine Industries, the District's contractor on the \$4,317,967.00 Dock Replacement Project, has completed the preparation of the shop drawings for the project. At the direction of the City's building officer, those drawings will be attached to the drawings prepared by Noble Consultants and submitted to the City for a building permit. Bellingham has ordered the 18" square piles and the structural glulam beams necessary for the project due to the long lead times associated with those items. Fabrication of the concrete dock modules will start in April. Installation could start in June 2019.

Pavement Repair and Slurry Seal Project

The pavement repair and slurry seal project on the District's parking lots throughout the harbor was substantially completed in May 2018 by Toro Enterprises Inc. However, the District has never accepted the work and is holding a retention in the amount of \$9,224.84 due to several unacceptable conditions. Despite numerous discussions with Toro the defective work has not been remedied. As a consequence the District's legal counsel is now working with us to resolve this matter.

Respectfully submitted,

Richard Parsons

Dredging and Special Projects Consultant

Attachments.

2/21/18



1/22/19



FY19 Appropriations Update

After 35 days, Congress and the President were able to come to an agreement on another Continuing Resolution (CR) to reopen the government. The current CR keeps the federal government funded through Friday, February 15th. Below is a table that lays out the bills/federal agencies that have received their FY19 full year appropriations, as well as the bills/federal agencies that are operating under the CR:

Full-Year Appropriations	Continuing Resolution
Defense (DoD)	Agriculture (USDA)
Energy and Water (Army Corps of Engineers, Bureau of Reclamation, DOE)	Commerce/Justice/Science (DOJ, DOC)
Labor-HHS (HHS, Dept. of Education, DOL, NIH)	Financial Services (Dept. of Treasury, GSA)
Legislative Branch	Homeland Security (DHS)
Military Construction/VA (DoD, VA)	Interior and the Environment (DOI, EPA, USDA)
	State/Foreign Ops (State Dept.)
	Transportation/HUD (DOT, HUD,

Members of the House and Senate Appropriations committees are currently working to try and put together a legislative package that will fund the remaining FY19 appropriations bills that will pass both the House and the Senate, as well as be signed by the President. The major sticking point of negotiations is surrounding funding for a wall at the southern border. The President has indicated several times over the past week that should Congress send him a package that does not include border wall funding, he will declare a national emergency at the border in order to get funding for the wall.

While the path forward to finish the FY19 funding bills is still somewhat uncertain, what does seem certain is the unlikeliness of another partial government shutdown on February 15th. There does not appear to be any appetite on Capitol Hill by either Democrats or Republicans for another shutdown.

Eshoo Introduces Legislation on Deployment of 5G

Rep. Anna Eshoo (D-CA) has introduced the “Accelerating Wireless Broadband Development by Empowering Local Communities Act of 2019” (H.R. 530). The bill would overturn Federal Communications Commission (FCC) regulations that limit the ability of states and local governments to regulate the deployment of 5G wireless infrastructure. The legislation was praised by several national groups including the National League of Cities and National Association of Counties. The legislation is currently pending before the House Energy and Commerce Committee, of which Eshoo is a senior member. In 2018, the FCC adopted regulations limiting the abilities of cities and states to regulate small cell sites needed for 5G deployment. As a result, a coalition of over 100 local governments is suing the FCC arguing that the agency does not have the statutory authority to issue these regulations.

Senate to Consider Legislation to Permanently Reauthorize LWCF

The Senate is scheduled to consider the “Natural Resources Management Act” (S. 47) on the floor the first week of February. This legislation includes a permanent reauthorization of the Land and Water Conservation Fund (LWCF). Senators from both sides of the aisle have been advocating for months for the Senate to take up legislation to permanently authorize LWCF.

Federal Agency Nominations

At the end of the 115th Congress, any individual who had been nominated by the President to hold a position in a federal agency that was not confirmed by the Senate has to be nominated again for consideration in the new Congress. So far, the President has nominated the following individuals:

- Andrew Wheeler—Administrator of the Environmental Protection Agency
- Susan Combs—Assistant Secretary at the Department of the Interior
- Barry Myers—Administrator of the National Oceanic and Atmospheric Administration

Wheeler had his confirmation hearing with the Senate Environment and Public Works Committee earlier this month. The Committee has scheduled a vote on his nomination next week. A confirmation hearing has yet to be scheduled for either Combs or Myers.

Transportation-Related Federal Agency Confirmations

On the evening of January 2, consistent with tradition, the Senate confirmed a large package of pending nominations by unanimous consent (in this case, 75 civilian nominees plus 6 Coast Guard admirals). Among these were the following 8 transportation-related nominees:

- Department of Transportation. Joel Szabat, Assistant Secretary of Transportation for Aviation and International Affairs. Szabat, a career DOT employee, had built up a lot of credibility with Democrats with his administration of much of the 2009 ARRA stimulus money (TIGER grants, etc.) under the Obama Administration. His nomination was approved by the Senate Commerce, Science and Transportation Committee unanimously.
- Surface Transportation Board. Republican Patrick Fuchs and Democrat Martin Oberman. Both Fuchs and Oberman were approved unanimously by the Committee.
- Railroad Retirement Board. The Senate confirmed all three pending nominees to the Railroad Retirement Board: Erhard Chorlé to be chairman, Jonathan Bragg to be employee representative, and Thomas Jayne to be carrier representative.
- Federal Maritime Commission. The Senate confirmed both pending nominees for FMC membership, Dan Maffei and L.E. Sola.

But this still left several transportation-related nominees pending (see list below), all of which were returned to the President after the Senate gaveled out the final pro forma session of the 115th Congress. These individuals will need to be nominated again by the President:

- Department of Transportation Assistant Secretary for Research and Technology Diana Furchtgott-Roth
- National Highway Traffic Safety Administration Administrator Heidi King
- Federal Transit Administration Administrator Thelma Drake
- Surface Transportation Board Member Michelle Schultz
- Amtrak Board of Directors Lynn Westmoreland, Joe Gruters, and Rick Dearborn
- Metropolitan Washington Airport Authority Board Members Alan Cobb and William McDermott

President Signs EPA Integrated Planning Bill into Law

Before the holidays, the House and the Senate passed the “Water Infrastructure Improvement Act” (H.R. 7279). The bipartisan legislation introduced by Reps. Bob Gibbs (R-OH) and Grace Napolitano (D-CA) would codify the Environmental Protection Agency’s permit process for integrated planning into law. Integrated planning offers a voluntary opportunity for municipalities to propose to meet multiple Clean Water Act requirements by identifying efficiencies from separate wastewater and stormwater programs and sequencing investments so that the highest priority projects come first. Many national organizations such as the U.S. Conference of Mayors, the National Association of Counties, the National League of Cities, and the American Public Works Association supported the legislation.

President Signs Executive Order Strengthening Buy America

The President recently signed an Executive Order (EO) that aims to strengthen the Buy America requirements for infrastructure projects that use federal funding through loan guarantees or financing measures. The EO will be implemented at the discretion of each federal agency; however, the White House has indicated that it will be closely monitoring that implementation to ensure the expansion of Buy America requirements wherever possible. The EO could result in an increase in costs for infrastructure projects around the country.

State of the Union Rescheduled

The President was scheduled to give his State of the Union on Tuesday, January 29th. As a result of the partial government shutdown, the date of the speech was delayed. The President will now give his State of the Union speech on Tuesday, February 5th. Congressional democrats have announced that Stacey Abrams, former democratic candidate for Governor in the state of Georgia, will deliver the democratic response.

VENTURA PORT DISTRICT
DEPARTMENTAL STAFF REPORT

Meeting Date: February 20, 2019

TO: Board of Port Commissioners
FROM: Joe A. Gonzalez, Facilities Manager
SUBJECT: January 2019 Facilities Report

FACILITIES:

Staff continues to perform preventive maintenance on certain areas that need immediate attention on the Ventura Harbor Village buildings to prevent dry rot damage to existing areas. This includes sills, trim, and mildew treatment.



MARINA:

Staff continues to perform monthly inspections on all gangways, docks, fire extinguishers and fire boxes.

MARKETING:

The Maintenance Department continues to provide assistance to the Marketing Department for weddings and events, installation of banners/flyers, and whatever the needs are to make a successful event.

ON-GOING PROJECTS:

New Lease Agreements: Working closely with the following tenants on their new lease agreements in regards to facilities upgrades/remodels:

- 1559 Suite 109 (Top this Chocolate)
- 1591 Suite 112 (*Le Petit Café Bakery*)
- 1591 Suite 117B (Silhouettes)
- 1591 Suite 112 (Rated Sports)
- 1567 Suite 200 (Margarita villa)

Harbor Cove Beach Pavers' Project: Contractor has started the installation of the pavers on the south end planter of parking lot. Due to the recent rains, project will be completed by next week. As of today the project is within budget.



**VENTURA PORT DISTRICT
DEPARTMENTAL STAFF REPORT**

Meeting Date: February 20, 2019

TO: Board of Port Commissioners
FROM: John Higgins, Harbormaster
SUBJECT: January 2019 Harbormaster/Harbor Patrol Report

PUBLIC SAFETY

Winter Weather Continues:

This has been a robust winter of wind, waves, and cold. Now as the days are getting longer, we are anxiously awaiting the end to the large waves, wind, and cold. The most noticeable effects of the strong winter weather are the erosion of our Beach. Last year was one of the complete dredging cycles and all the sand was used to replenish the South Beach. The beach now is in a state far worse than years before and desperately needs the sand to protect the dunes and nearby street. **Multiple pictures in Beach Erosion Section**



Hazards to Navigation:

A consequence of all the rain and local river drainage is the floating debris. Our staff has responded to numerous large trees and other floating hazards to navigation over the past two months. While this is not something we are tasked or prepared to deal with, our staff uses their experience and creativity to remove these hazards. One of the areas iconic trees was washed up on to the Marina Park Groin over ten years ago. During this winters large surf, it was once again washed into the water. Our Harbor Patrol Officers were creative in securing a line and towing it to the launch ramp. With the assistance of Tow Boat US and the City of Ventura, we were able to haul it up on to the ramp where City Contractors removed it. This tree was over 30 feet in length and so heavy we could not tow it out with our Ford F-150. These Hazards could easily cause major damage or even sink vessels if left in our waters.



Harbor Entrance:

With the strong Winter events we routinely evaluate the Harbor Entrance during and after to ensure we are aware of any adverse changes. The sand trap has been able to handle most all of the infill and the depths in the Harbor Entrance remains around the 30 feet level. **See Soundings for the latest product provided by Manson Construction Co.**

Sea Level Rise/King Tide Monitoring:

During the highest tides of the year the Harbor Patrol staff and I surveyed the Harbor to assess any vulnerabilities. While the water level was at 7 feet above the mean tide, the Harbor for the most part was fine. Areas like the newer revetment at the Harbor Village stood out as sound investments to protect our properties. The most noticeable change for the better was side by side comparisons of the Port Districts higher piling requirement. The old pilings were within 2 feet of topping and the newer pilings were more than 4 feet. During both the Chilean and Japan Tsunami surges the sea levels increased and decreased +/- 4 feet within 5 minutes over two days. In both instances, the tides were on the lower side and no real issues happened, but this extra piling height gives us a better sense of security for future events. **Pictures are attached to the back of the report**

Exceptional Harbor Patrol Team Effort:

People often look at our job during the sunny days and joke how easy we have it here in Ventura Harbor. I am the first to agree that on those days we do have a good thing. What I quickly add is that several times a year the conditions are extreme and very dangerous. In those times we harness our training and talents to provide exceptional services with our limited resources. Recently Harbor Patrol Officers Timmy Burrows and Ryan Sutherland have been required to respond to highly technical night-time calls and did so safely and with the highest level of professionalism. Below are two pictures of these types of calls. The picture to the right is a Commercial Fishing Vessel that caught fire 6 miles offshore. The one below is a meeting after a boating accident where two of the three victims were transported to the Harbor. In both calls our staff worked with other First Responders, US Coast Guard, and our local Tow Boat US/Channel Watch Marine.



Harbor Patrol Blotter:

I want to recognize Harbor Patrol Officer Timmy Burrows for his dedication in providing our regular Harbor Patrol blotter summaries to the local print news and marinas. These provide a summary of interesting or significant Harbor Patrol Calls. To stay informed with Harbor Patrol activity you can find the Harbor Patrol Blotter in both the Ventura Breeze and The Log Boating Publication. Below is an example of a daily summary:

Saturday 2-9 **9:55am**, received a report of a vessel sinking in the keys. Officers responded, pumped out the 16ft electric craft and towed it to the boatyard for haul-out.
1:09pm, dispatched to a boat fire near CI harbor. Officers responded and the boat was discovered to have excessive steam from overheating, no fire.
3:35pm, observed a powerboat drifting towards the surfline near the Greenock Lane jetty. Officers responded, passed a tow line and safely/successfully towed the cigarette boat out of the surfline and to the launch ramp.
11:15pm, contacted 3 fishermen on an 8ft inflatable in the Harbor entrance for multiple hoopnetting and safety violations. Their voyage was terminated; they were escorted to the L/R due to lack of navigation lights and no lifejackets.

BEACHES

Harbor Cove:

The beach accessibility mat has been removed in preparation of the upcoming dredging. Beach Volleyball season has begun for the local High Schools and Ventura College. The courts are being used in the afternoons by young players anxiously awaiting warmer weather.

We have also been monitoring the sand build up near the wall and access points. Typically beach sand maintenance is done after the dredging activity and wind events conclude.

South Beach Dune:

There is a lack of beach as a result of all the erosion and the only thing protecting the street from the sea is the Dunes. This year's erosion has begun to encroach on the dunes and is in much need of sand replenishment. The unofficial beach monitoring done with aerial pictures shows the drastic changes that occur on our living beaches. **Additional pictures next page.**



Beach Erosion:



Herzog Winery & Ventura Harbor:

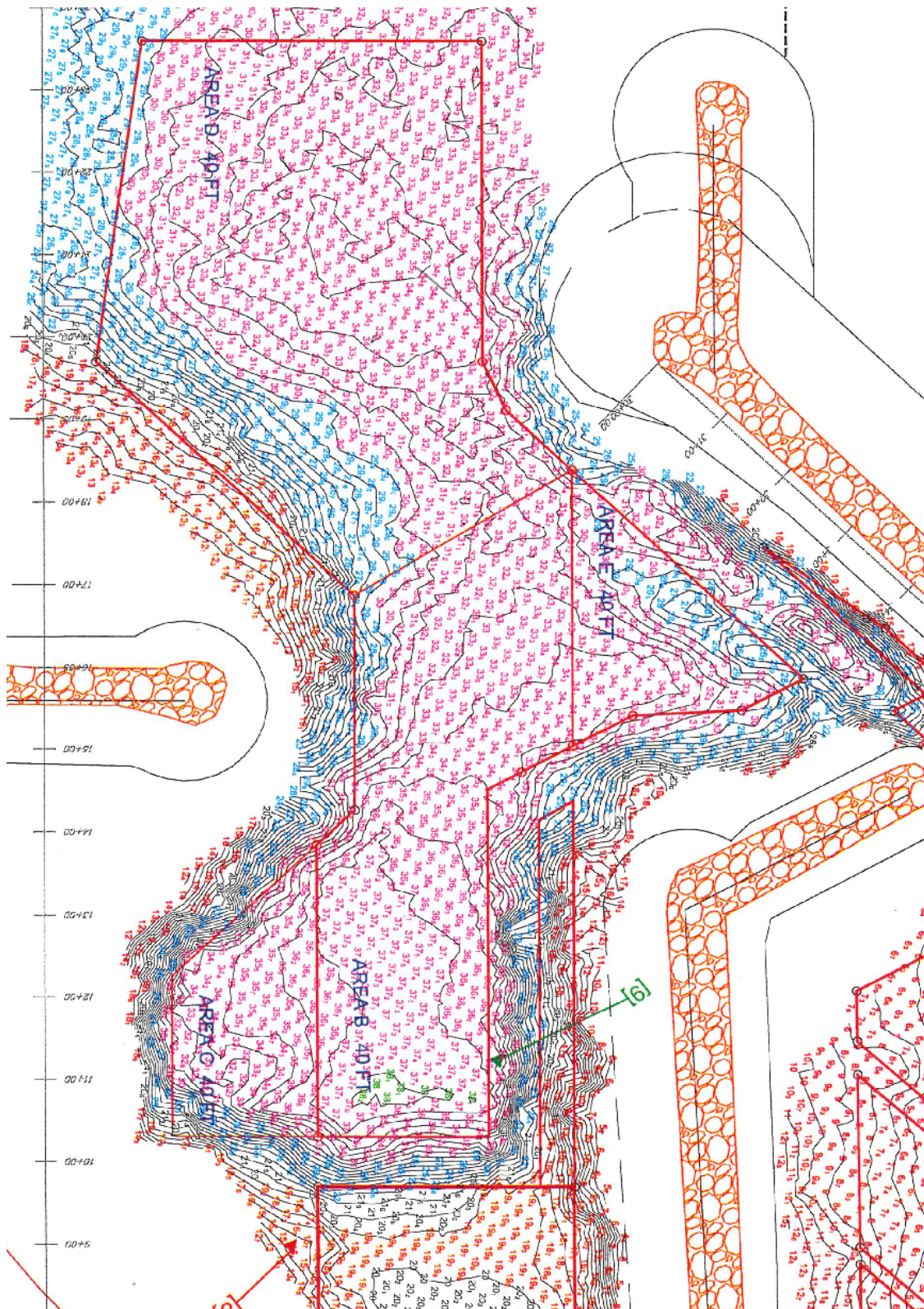
Herzog Winery out of Oxnard is one of our Nation's most popular Kosher Wine Makers. Several times each year and before large festivals the staff will come to the Harbor and proceed with an immersion ceremony to bless the wine glasses.



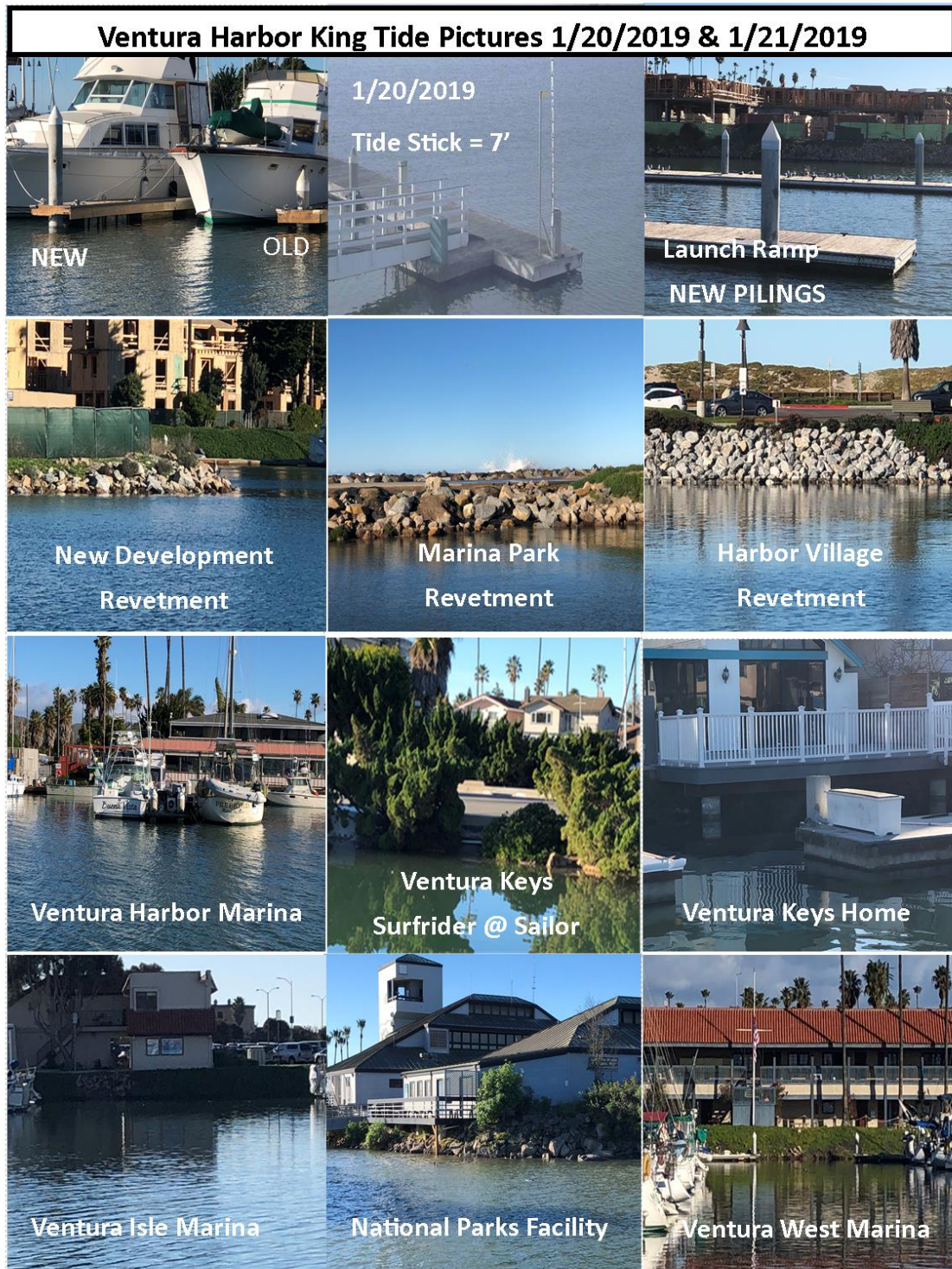
911 DISPATCHES (23 CALLS SINCE 1/13/2019)

Incident	Case Numbers	Units	Priority	Problem	Agency	Address	City	Response Date
19-0003448		HARB1, ME2, MED482	M5	FALLS	Ventura County Fire Department	1449 SPINNAKER DR	Ventura	1/13/2019 1:18:55 PM
19-0003468		HARB1, ME2, MED481	M7	FALLS NO CODE	Ventura County Fire Department	1215 Anchors Way	Ventura	1/13/2019 3:08:20 PM
19-0004799		B1, B22, BOAT1, CSTGRD1, EMS53, HARB1, LIFEGD2, ME1, ME2, MED482, CR1	F5	OCEAN RESCUE LOW	Ventura County Fire Department	135 Shoreline Dr	Ventura	1/18/2019 9:56:49 AM
19-0004866		B1, B22, CSTGRD1, EMS53, HARB1, LIFEGD2, ME2, MED482, CR1	F5	OCEAN RESCUE LOW	Ventura County Fire Department	900-1049 San Pedro St	Ventura	1/18/2019 1:57:45 PM
19-0005434		HARB1, ME2, MED663	F4	TC	Ventura County Fire Department	1575 Spinnaker Dr	Ventura	1/20/2019 5:12:05 PM
19-0005618		HARB1, ME7, MED482	M5	MEDICAL ALARM	Ventura County Fire Department	1215 Anchors Way	Ventura	1/21/2019 10:58:45 AM
19-0005711		B160, B28, B3, BOAT1, CSTGRD1, EMS48, HARB1, LIFEGD2, ME2, ME5, MED483, MED662, MT5, CR1, CR33, CR66	F5	OCEAN RESCUE LOW	Ventura County Fire Department	1901 SPINNAKER DR	Ventura	1/21/2019 6:16:58 PM
19-0006134		HARB1, MED421, MED692, MT5	M5	TRAUMATIC INJURIES NON EMD	Ventura County Fire Department	E Harbor Blvd / Schooner Dr	Ventura	1/23/2019 11:49:03 AM
19-0006608		HARB1, ME2, MED481, MED482	M7	FALLS NO CODE	Ventura County Fire Department	1215 Anchors Way	Ventura	1/24/2019 7:08:41 PM
19-0006838		B22, B3, CSTGRD1, EMS53, HARB1, LIFEGD2, ME2, MED481, MT5, CR1	F5	OCEAN RESCUE LOW	Ventura County Fire Department	2904 Pierpont Blvd	Ventura	1/25/2019 2:16:34 PM
19-0007171		HARB1, ME2, MED482	M3	UNCONSCIOUS/FAINT HIGH	Ventura County Fire Department	1215 Anchors Way	Ventura	1/26/2019 3:32:07 PM
19-0007336		HARB1, ME106, MED481	M7	FALLS NO CODE	Ventura County Fire Department	2904 Pierpont Blvd	Ventura	1/27/2019 8:25:52 AM
19-0007639		ES6, EMS53, HARB1, ME106, MED481	M1	BREATHING PROBLEMS NON EMD	Ventura County Fire Department	E HARBOR BLVD / OLIVAS PARK DR	Ventura	1/28/2019 9:50:59 AM
19-0008003		B2, B25, CSTGRD1, HARB1, ME2, ME53	F5	BOAT FIRE (OPEN WATER)	Ventura County Fire Department	34°09'54"n / 119°21'06"w		1/29/2019 3:45:58 PM
19-0008231		B24, B3, BOAT19, CSTGRD1, EMS48, EMS53, HARB1, LIFEGD2, ME7, MED482, CR1	M3	CARDIAC/RESP ARREST/DEATH HIGH	Ventura County Fire Department	1198 Navigator Dr	Ventura	1/30/2019 11:54:19 AM
19-0008240		HARB1, ME7, MED482, MT5	M5	HEMORRHAGE/LACERATIONS	Ventura County Fire Department	1215 Anchors Way	Ventura	1/30/2019 12:11:17 PM
19-0010421		HARB1, ME2, MED664	M7	SICK PERSON NO CODE	Ventura County Fire Department	E Harbor Blvd / Olivas Park Dr	Ventura	2/6/2019 11:15:00 AM
19-0010789		HARB1, ME106, MED482	M7	FALLS NO CODE	Ventura County Fire Department	1651 Anchors Way Dr	Ventura	2/7/2019 6:12:40 PM
19-0010996		HARB1, ME106, MED481	M5	CHEST PAIN NON TRAUMA	Ventura County Fire Department	3065 Seahorse Ave	Ventura	2/8/2019 3:12:30 PM
19-0011068		HARB1, ME2, MED482	M5	HEMORRHAGE/LACERATIONS	Ventura County Fire Department	1215 Anchors Way	Ventura	2/8/2019 8:50:22 PM
19-0011197		AIRSQ9, B25, B3, B61, BOAT1, CSTGRD1, ES6, EMS53, HARB1, HARBOR, ME2, ME53, MED664, CR66	F5	BOAT FIRE (OPEN WATER)	Ventura County Fire Department	3900 PELICAN WAY	Oxnard Harbor District	2/9/2019 1:08:25 PM
19-0012185		HARB1, ME2, MED664	M5	UNKNOWN PROBLEM NON EMD	Ventura County Fire Department	1559 Spinnaker Dr	Ventura	2/13/2019 9:26:10 AM
19-0012261		HARB1, ME7, MED482	M5	MEDICAL ALARM	Ventura County Fire Department	1215 Anchors Way	Ventura	2/13/2019 3:38:35 PM

SOUNDINGS



KING TIDES



VENTURA PORT DISTRICT
DEPARTMENTAL STAFF REPORT

Meeting Date: February 20, 2019

TO: Board of Port Commissioners
FROM: Dave Werneburg, Marina Manager / Commercial Fisheries
SUBJECT: January 2019 Marina Report

Ventura Harbor Village Marina Occupancy

The marina remains at near 100% occupancy. All squid seiner slips are occupied with some vessels rotating in shared slip arrangements.

An ongoing assessment relative to the major commercial dock replacement and reconfigurations continues. The new G-H Dock Replacement Project and the C-D Dock reconfiguration, slated for later this year, present unique challenges in terms of concurrent commercial fishing operations and recreational operations (boat, paddle board, etc. rentals). However, staff is developing a relocation plan for the time during construction. The G-H Project will translate to 15 large fishing seiner slips, a net gain of 9 new large slips. The C-D Project is primarily replacing old wooden docks with new Bellingham cement docks. New electrical power pedestals will be install throughout the Harbor Village Marina.

Ventura Harbor Village Squid Production

No notable squid landings, either in Northern or Southern California, in January 2019.

Commercial Fishing

Did you know that the Ventura Harbor is home to and hosts the largest commercial squid fishing fleet in the nation? San Pedro, once considered the epicenter for commercial fishermen, is now but a dim shadow of itself; it is now nearly wall to wall container ships. Port Hueneme is a major entry port for automobiles and importing/exporting fruits and vegetables. Sure, Monterey and Moss Landing still are fishing ports, but none compare to our Ventura Harbor.

Most of the local commercial fisheries have called it a season in terms of the squid season and will revisit conditions in April when the new squid season reopens. Cooler ocean temperatures in the fall of 2017 favored the environmental pendulum swinging back in favor of squid production. However, as the summer of 2018 ensued, we returned to a marine El Nino condition, which is currently in play, hoping to move to a more moderate La Nina. This coupled with the recent trade fracas and threats with China have essentially shut down the China market to west coast fisheries. China, Vietnam and Japan are the primary markets for California Market Squid, with China accounting for well over 50% consumption. The proposed 25% trade tariff would be stacked on an existing 27% tariff. Economically, a 52% tariff has no market. While there are other markets out there (Vietnam, Japan, Philippines), it becomes a matter of price point. In 2017, China imported roughly 70% of the squid species harvested off the California coast.

There are over 285 species of fish that are landed, both commercially and recreationally, along the California coast. The economic viability for local coastal fisheries here is limited to such species as California Market Squid in terms of harvestable volumes.

However, in future years, we believe the Ventura Shellfish Enterprise program will help diversify commercial fisheries here at Ventura Harbor. Aquaculture in Southern California is still in the very early, formative stages. Locally grown and harvested farmed seafoods, such as mussels, oysters, scallops, kelp, etc. offer unique opportunities for Ventura Harbor to expand its presence as a major player within the commercial fishing community. It is a project that is both healthy and sustainable.

Marketing / Promotions

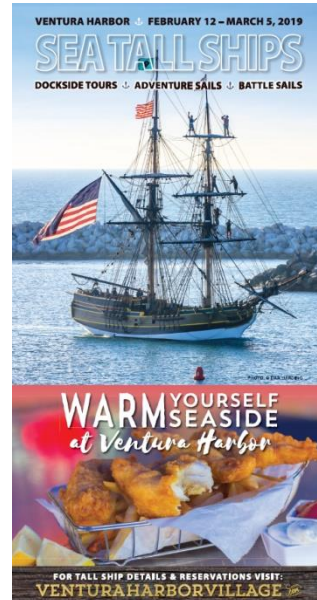
Date Range: January 1 – January 31, 2019

December 2018 saw a 10% Increase in Village sales revenues from December 2017

Overall 2018 sales revenues for Harbor Village reported a gain of over \$1 million growth in sales revenue from previous year.



805 LIVING



Marketing Meetings/Travel Shows:

- **Jan. 8:** Ribbon Cutting for Village tenant Moorhouse Financial Services
- **Jan. 16 & 17 :** San Diego Adventure & Travel Show – Ventura County Coast booth Partner
- **Jan. 23:** Winter Village Tenant Meeting / Painting Project & Leasing Update
- **Jan. 25:** Central Coast Tourism Board Meeting
- **Jan. 29:** Ceviche Taste Festival Meeting with Interested Event Organizers
- **Jan. 30:** Community Affairs Radio Show Interview / Cumulus Stations
- **Jan. 31:** Travel & Tourism Marketing Association: LA Tourism & Convention Board President & CEO Ernest Wooden Jr. for State of the Industry

Marketing Programs /Campaigns:

- New Winter Village Map & Guide
- Island Packers Whale Watch Press Release distribution by Somerville Associates
- Ventura Chamber Connection Breakfast Ad
- Warm Yourself Seaside Campaign Development
- Tall Ship Promotion/Preparation



WARM YOURSELF SEASIDE

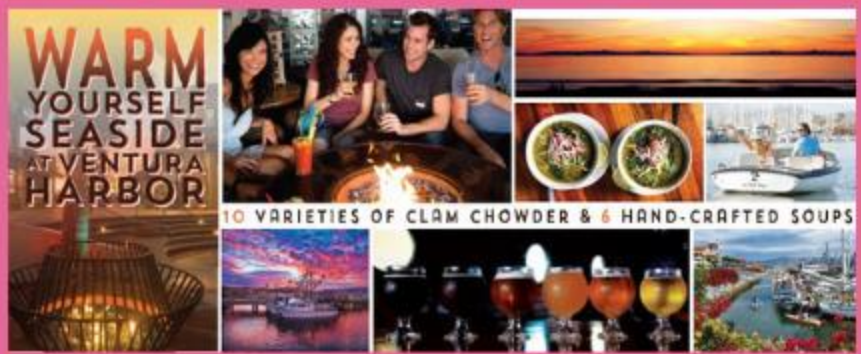


#WARMYOURSELFSEASIDE

- 20 Ways to Warm Yourself Dedicated Page
- 5 Ways to Warm Yourself E-Newsletter (1,220 opens)
- Dedicated Press Release
- 30+ Social Posts (66,119 reach | 84,802 impressions)
- Soups & Chowders Banner Ad
- Dedicated Restaurant Page with Soup Descriptions
- Prompted Visit Ventura Fire Pit Photoshoot in Village
- Warm Yourself on Village Website as Lead Header

SUNSETS & SIPS SOCIAL CONTEST

- Contest ran January 18–31
- 2 winners selected for \$50 gift card to harbor restaurant of choice
- Total # Entries - 15+
- Total # Instagram Impressions - 16,340
- Overall Instagram Reach - 15,632



Web Analytics / Reviews

Date Range: January 1 – January 31, 2019

WEBSITE ANALYTICS

VenturaHarborVillage.com

Pageviews

17,515

Users

6,106

Top Page Views:

- Dine
- Tall Ships 2019
- Events
- Shop
- Play
- Ultimate Escape Rooms
- Channel Islands National Park



VenturaHarbor.com

Pageviews

12,762

Users

5,778

Top Page Views:

- Live Webcam at Harbor Entrance
- Directions/Map
- Restaurants/Food
- Village Carousel
- Local Commercial Fish Market
- Ventura Harbor Village Marina



REVIEWS

Organic Visitor Ratings for Ventura Harbor Village



Cynthia Alvarez

Local Guide · 15 reviews · 23 photos

★★★★★ 2 weeks ago

Loved this shopping center. There was live music at the time which made our day even more incredible



Tiffany Lai

26 reviews · 3 photos

★★★★★ a month ago

I think this is a historic landmark for Ventura County



Terri Alkire

9 reviews · 1 photo

★★★★★ 2 weeks ago

Love this place. Fun to watch boats, look for sea creatures.



The Certificate of Excellence award honors hospitality businesses that consistently achieve outstanding reviews on TripAdvisor. This award is only given to the top 10 percent of accommodations, attractions, restaurants, and vacation rentals listed on TripAdvisor.

Marketing Report January 2019

Marina click-through banners displayed on VenturaHarbor.com per Parade of Lights Sponsorship Benefits



Social Media Profiles

Date Range: January 1 – January 31, 2019

INSTAGRAM

Total Followers

12,536

FOLLOWERS

ENGAGEMENT



554
Engaged



412
Engaged



352
Engaged

12.5k

Total Followers

MOST ENGAGED HASHTAGS

#warmyourselfseaside 1,407

#sunsetandsips 978

6,627

Likes Received

98

Comments Received

FACEBOOK

Total Fans

22,349

Total Impressions

730.5k

Average Daily Users Reached

12,470.5

Total Engagements increased by

▲ 0.8%
since previous month

4,581
Engagements



TWITTER

Total Followers



5,061

Ventura Harbor @VenturaHarbor · Jan 31

Welcome to Ethan McKinley, the newly named Channel Islands National Park Superintendent with over 12 years' experience with the National Park Service. McKinley has been serving as the interim superintendent since July 2018.



The number of organic impressions per Tweet increased by

▲ 34.1%
since previous month

10.1k

Organic Impressions

76

Total Engagements

Marketing Report January 2019

VENTURA PORT DISTRICT
DEPARTMENTAL STAFF REPORT

Meeting Date: February 20, 2019

TO: Board of Port Commissioners
FROM: Robin Baer, Property Manager
SUBJECT: January 2019 Property Report

TENANT REPORT

- 1) *Treasure Cove* – 1567 Spinnaker Drive #103 – Updates to this space for electrical and paint have been completed and the business has re-opened.

BEFORE



AFTER



- 2) *NEW Vacant Space* – 1583 Spinnaker Drive #TBD -- Staff is working with the tenant Casa de Regalos to vacate the 595 square foot section of their existing 1,856 square feet space by the end of February. Staff will then prepare a move in ready (paint, electrical, flooring) available space to lease. The space is currently listed on multiple sites for leasing (LoopNet, Website, etc.).

- 3) *Carousel (Lighthouse Building)* --- 1567 Spinnaker Drive #100 -- Staff is working with a design team / Jim McKeown to create a new floorplan by splitting up the space into three different spaces to lease, which would allow for new innovative and creative concepts within the spaces and provide smaller footprints to adapt to trending ideas. The goal is to integrate attractions and experiences you cannot do at home, memorable, social and interactive. Our center should provide the best “Hospitality” we can provide to our visitors, customers and locals.
- a) After attending the France Media Conference of Entertainment Experience Evolution, it was prevalent that “Entertainment” and “Experience” was the main highlight for a shopping center to succeed in today's world. It is about a place to be, not just go to. The focus should be on what will draw the public to get off the couch, off their computers/tablets and come to our shopping center. It is all about family, fun and community while providing dining, living and exploring. The expert panelists from all over the industry suggest that a center should continuously change the content to prevent visitor boredom, more events (smaller if necessary) per year, increase marketing, add pop up stores and create Instagram moments to keep them coming back.

LEASING OUTREACH

- 1) Leasing Outreach – Ventura Harbor Village is 100% leased
- Daily exposure with our ads online via Loopnet/Costar which covers the following:
 - 24 Million visitors to these sites
 - 200,000 commercial real estate professional use CoStar services
- b) Motionloft Vehicle and Pedestrian Traffic Counts – January 2019 Report (see attached)
- c) Tenant Lease Expiration Report – January 2019 (see attached)

OCCUPANCY LEVELS AT HARBOR VILLAGE

January 2019

CATEGORY	Harbor Vacancy Sq Ft	Harbor Vacancy %	Harbor Available Sq Ft	Harbor Available %	City * Vacancy %	City * Available %
Office	0	0%	0	0%	9.1%	25.5%
Retail	0	0%	7,788	42%	10.4%	13%
Restaurant	0	0%	0	0%	21.1%	28.5%

*Based on comparable square footage

SALES REPORTS

The attached summary for December provides sales for three categories: restaurants, retail and charters. The reports compare the monthly sales for 2017 and 2018. They also include year-to-date comparisons.

The year-to-date overall sales for December were up 4.51% from the same time last year.

ATTACHMENTS

- Attachment 1 – Sales Summary --- December 2018
 Attachment 2 -- Motionloft Reports – January 2019
 Attachment 3 – Tenant Lease Expiration Report – January 2019

ATTACHMENT 1

Ventura Harbor Village Tenant Sales Summary

Month of
12/2018

	<u>December-2018</u>	<u>December-2017</u>	<u>% Change</u>
Restaurants	\$ 1,152,283	\$ 1,097,036	5.04%
Retail	\$ 393,806	\$ 317,240	24.14%
Charters	\$ 348,161	\$ 301,194	15.59%
Total	\$ 1,894,250	\$ 1,715,470	10.42%

Year-to-date through December 2018

	<u>December-2018</u>	<u>December-2017</u>	<u>% Change</u>
Restaurants-Corrected	\$ 16,400,595	\$ 15,931,846	2.94%
Retail	\$ 4,602,489	\$ 4,157,236	10.71%
Charters	\$ 6,292,104	\$ 6,028,197	4.38%
Total	\$ 27,295,188	\$ 26,117,279	4.51%

Ventura Port District

Jan 1, 2019 - Jan 31, 2019

3,135

Typical Day

8,801

Sun, Jan 27 - Busiest Day

5,596

Sunday Average

22,697

Typical Week

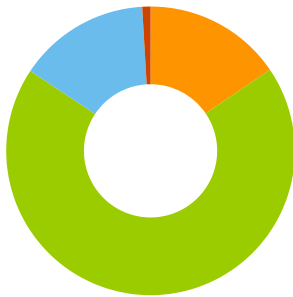
26,504

Peak Week Beginning Sun, Jan 20

97,194

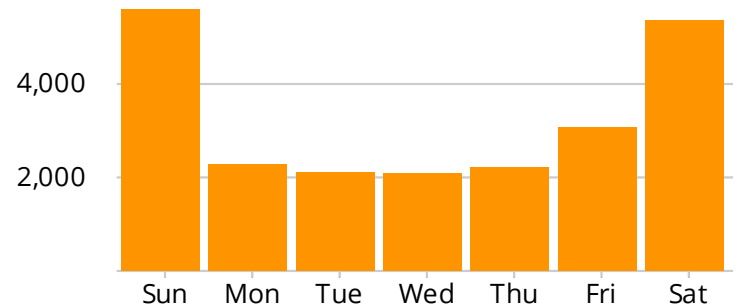
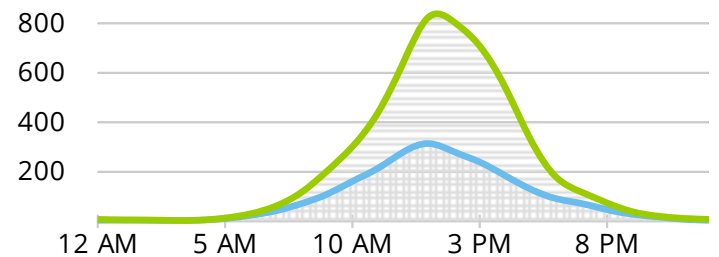
Total Visitors

Average Daily Activity



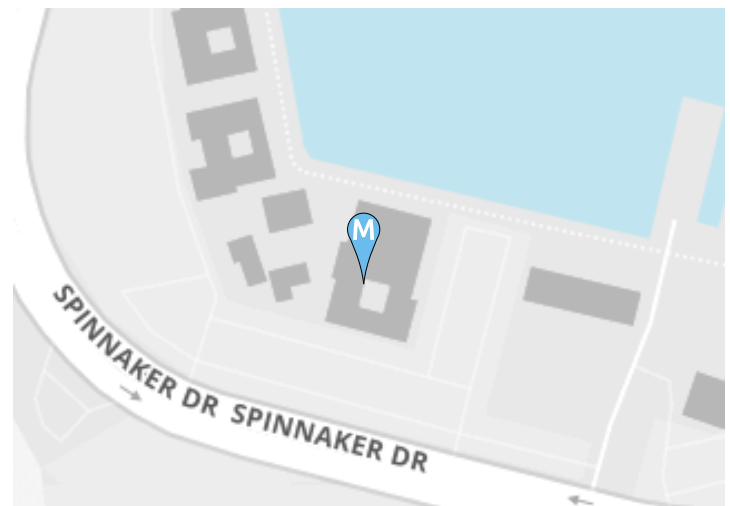
Hours	%	Total
5am - 11am	16%	486
11am - 5pm	69%	2,157
5pm - 11pm	15%	462
11pm - 5am	1%	29

Weekdays Weekends



Totals

Week beginning Sun, Dec 30	16,426
Week beginning Sun, Jan 6	19,344
Week beginning Sun, Jan 13	18,757
Week beginning Sun, Jan 20	26,504
Week beginning Sun, Jan 27	16,163



Ventura Port District

Jan 1, 2019 - Jan 31, 2019

4,628

Typical Day

6,909

Sat, Jan 26 - Busiest Day

5,844

Saturday Average

32,706

Typical Week

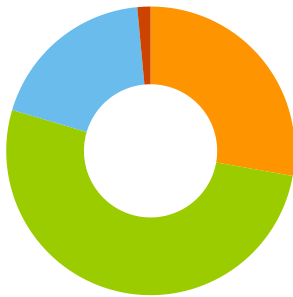
35,382

Peak Week Beginning Sun, Jan 20

143,460

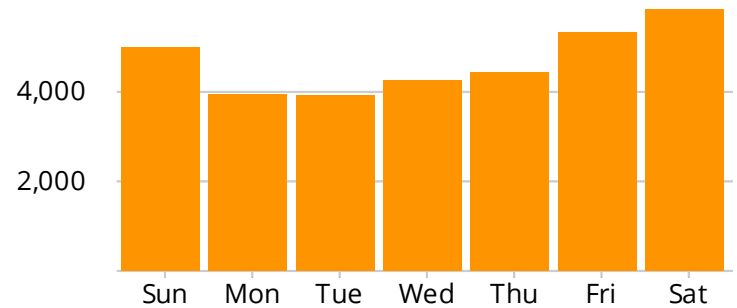
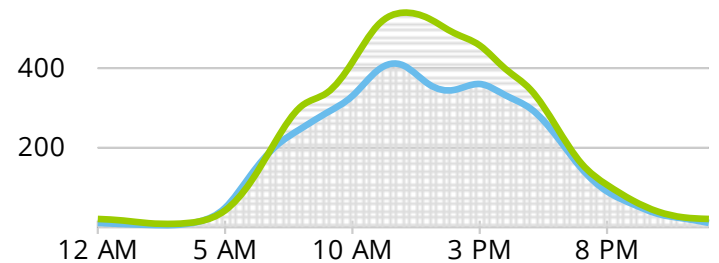
Total Visitors

Average Daily Activity



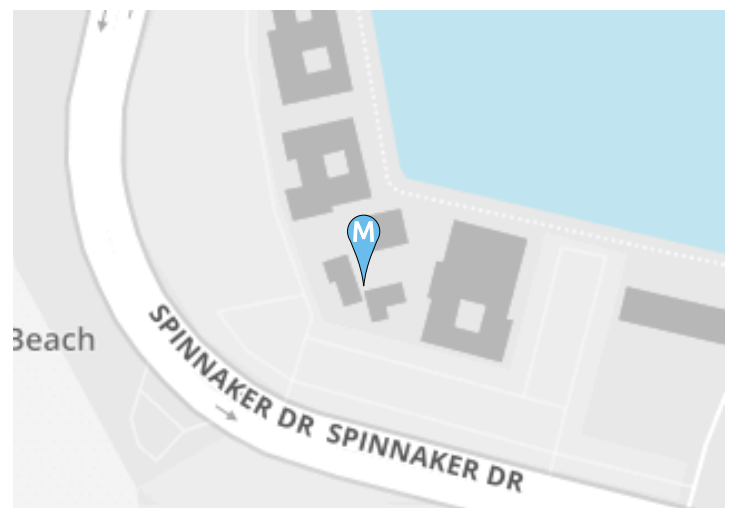
Hours	%	Total
5am - 11am	28%	1,285
11am - 5pm	52%	2,395
5pm - 11pm	19%	877
11pm - 5am	1%	68

Weekdays Weekends



Totals

Week beginning Sun, Dec 30	23,207
Week beginning Sun, Jan 6	30,849
Week beginning Sun, Jan 13	31,340
Week beginning Sun, Jan 20	35,382
Week beginning Sun, Jan 27	22,682



ATTACHMENT 3

VENTURA HARBOR VILLAGE LEASES EXPIRE --- 2018 / 2019

TENANT	SQ FT	TYPE	START	EXPIRES
Coastal Marine Biolabs	1,979	O	6/1/2014	5/31/2019
Kyle & Assoc.	535	O	6/1/2017	5/31/2019
Dr. Ahmad Vahedian	275	O	9/1/2017	8/31/2019
Center for Contract Compliance	437	O	10/1/2017	9/30/2019
Del Mar Seafood-Joe Cappuccio	1,015	O	12/1/2017	11/30/2019
Jennifer Shook/Laura Kinney	455	O	1/1/2018	12/31/2019
Power Processing	350	O	1/1/2019	12/31/2019



BOARD OF PORT COMMISSIONERS

FEBRUARY 20, 2019

CONSENT AGENDA ITEM A

APPROVAL OF OUT OF
TOWN TRAVEL REQUESTS

**VENTURA PORT DISTRICT
BOARD COMMUNICATION**

CONSENT AGENDA ITEM A
Meeting Date: February 20, 2019

TO: Board of Port Commissioners
FROM: Oscar Peña, General Manager
SUBJECT: Out of Town Travel Requests

RECOMMENDATION:

That the Board of Port Commissioners approve the following out of town travel request for:

- A) Senior Harbor Patrol Officer, Pat Hummer to Sacramento, CA to participate in the California Boating Congress Meeting March 5 -6, 2019. Attending this meeting allows the District to send representatives to help educate Congress and The Administration on the value of the system of ports and harbors in California to the Nation and to advocate for full funding in Federal Fiscal Year 2020. Estimated cost for the travel is as follows:

Registration	\$179.00
Lodging	\$435.60
Meals	\$150.00
Mileage	\$453.56
Miscellaneous	\$100.00
TOTAL	\$1,318.16



BOARD OF PORT COMMISSIONERS

FEBRUARY 20, 2019

STANDARD AGENDA ITEM 1

APPROVAL OF SECOND AMENDMENT
TO PROFESSIONAL SERVICES
AGREEMENT WITH SWIFT CHIP

**VENTURA PORT DISTRICT
BOARD COMMUNICATION**

STANDARD AGENDA ITEM 1
Meeting Date: February 20, 2019

TO: Board of Port Commissioners
FROM: Brian Pendleton, Deputy General Manager
SUBJECT: Approval of Second Amendment to Professional Services Agreement with Swift Chip for Information Technology Services

RECOMMENDATION:

That the Board of Port Commissioners approve the Second Amendment to the Professional Services Agreement with Swift Chip in the amount of \$37,800 for District Information Technology services.

SUMMARY:

Swift Chip will continue to provide Information Technology (IT) services to the District for its ongoing operations through June 30, 2019. Swift Chip will also provide an analysis of existing hardware and software capabilities with prioritized recommendations and cost related estimates to the District for implementation beginning FY19-20. Staff will provide recommendations at that time regarding a new PSA for IT services and system upgrades.

BACKGROUND:

The District entered into a PSA with Swift Chip beginning in February to provide IT services that had been managed in-house by the Marina Manager with consultant support from Virtual Pacific Networks. The Marina Manager retired in December, which provided an opportunity to evaluate operational, service and cost efficiencies. Swift Chip was initially retained to provide personal computer services and evaluate hardware and software needs while Virtual Pacific Networks was tasked with continuing to provide server, security camera and fiber optic service. Virtual Pacific Networks advised the District that Swift Chip is highly capable of performing those functions as well and concluded its IT PSA with the District in January.

Swift Chip is a Ventura-based company that provides IT services to more than 400 organizations in Los Angeles and Ventura counties. They provide innovative and custom-designed services and solutions designed to provide operational efficiency, increase staff productivity, and reduce IT costs. The District has coordinated with CEO Kenneth May.

Mr. May has a Master's Degree from SBCOM, a Bachelors in Liberal Arts from Thomas Aquinas College and has written 3 books and numerous articles. He has been Voted Top Channel Influencer of the SMBnation 150, and carries numerous certifications from HP, Microsoft, Cisco, SANS, Symantec, Dell and more. Recently, he was chosen by his peers to be elected to the CompTIA Managed IT Services Community Executive Council, where he will directly influence the education and guidance of their international IT community. Ken is also a Commissioner for the City of Ventura, CA, where he works to help promote the Arts in his community and a Board member for the Ventura Visitors and Convention Bureau.

The second amendment to the PSA, which has been reviewed by legal counsel, will provide for daily IT services for District operations through the end of FY18-19 (June 30, 2019) and include the following areas of responsibility:

- Computers
- Printers
- Servers

- Security Cameras
- Vendor Coordination (eg. Telecommunications, Internet Services)
- Technology Solution Design

FISCAL IMPACTS:

On February 6, 2019 the Board of Port Commissioners approved the FY18-19 Mid-Year Budget. As discussed at that time, the changes to the IT budget included additional IT costs through December (Virtual Pacific Networks) and provided \$50,000 for new IT contract related expenses. The second amendment adds \$37,800 to the existing \$9,450 PSA for a total of \$47,250. Services provided after normal business hour incur additional hourly expenses which the remaining \$2,750 in budgeted funds will support.

ATTACHMENTS:

None.



BOARD OF PORT COMMISSIONERS
FEBRUARY 20, 2019

STANDARD AGENDA ITEM 2
APPROVAL OF FISCAL YEAR
2017 – 2018 AUDIT

**VENTURA PORT DISTRICT
BOARD COMMUNICATION**

STANDARD AGENDA ITEM 2
Meeting Date: February 20, 2019

TO: Board of Port Commissioners
FROM: Gloria Adkins, Accounting Manager
SUBJECT: Approval of Fiscal Year 2017-2018 Audit

RECOMMENDATION:

That the Board of Port Commissioners approve the acceptance of the Basic Financial Statements and Supplementary Information with Independent Auditor's Report for the Year Ended June 30, 2018, prepared by White Nelson Diehl Evans, LLP.

SUMMARY:

Attached for the Board's review and acceptance is the annual audit of the District's financial statements for fiscal year ending June 30, 2018.

Robert Callahan, partner with White Nelson Diehl Evans (WNDE), will present information to the Board and answer any inquiries you may have.

BACKGROUND:

The District entered into a professional services agreement with (WNDE) on September 12, 2018 for the audit of the District's financial records for three fiscal years ending, June 30, 2018, June 30, 2019 and June 30, 2020.

WNDE began their field work on the fiscal year 2017-2018 audit in October. Staff has been working diligently with WNDE staff to ensure a smooth and timely process.

Mr. Callanan reported that the District's financial statements present fairly, in all material respects, the financial position of the District as of June 30, 2018.

Mr. Callanan also reported that they did not identify any deficiencies in internal control over financial reporting that they consider to be material weaknesses. 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.

Staff would like to thank Commissioner Stephens for his time and input during this audit process.

FISCAL IMPACT:

The audited Statement of Net Position at June 30, 2018 is \$20,857,966. This is an increase of \$902,217 over the June 30, 2017 Net Position of \$19,955,749 as restated for a prior period adjustment related to an increase in OPEB liability pertaining to implementation of GASB Statement No. 75.

ATTACHMENTS:

Attachment 1 – Final 2018 Audit SAS Exit Letter
Attachment 2 – Final 2018 Financial Audit

The Board of Port Commissioners
of the Ventura Port District
Ventura, California

We have audited the financial statements of Ventura Port District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated August 24, 2018 and in our letter on planning matters dated October 18, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As discussed in Note 1D and 3H to the financial statements, in fiscal year 2017-2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires the District to establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. The impact on the District's financial statements as a result of the implementation of GASB Statement No. 75 was the decrease in net position at July 1, 2017 of \$406,932. No other accounting policies were adopted and the application of other existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements are:

- a. Management's estimate of the fair value of investments is based on quoted prices in active markets. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the District's broker or custodian.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

The most sensitive estimates affecting the financial statements are (continued):

- b. Management's estimate of the allowance for doubtful accounts receivable which is based on historical trends.
- c. Management's estimate of the useful lives of capital assets used for depreciation purposes which are based on industry standards.
- d. The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the District's public defined benefit plan with CalPERS which are based on actuarial valuations provided by CalPERS.
- e. The annual required contribution and actuarial accrued liability for the District's other post-employment benefit plan which are based on actuarial assumptions and methods prepared by a third-party consultant.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reported in Note 3C regarding the District's defined benefit pension plans, Note 3D regarding the District's other postemployment healthcare benefits plan and Note 3H regarding the restatement of net position that resulted from the implementation of GASB Statement No. 75.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Significant Audit Findings (Continued)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 14, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management’s discussion and analysis, the schedules of proportionate share of the net pension liability and the schedules of contributions for the defined benefit pension plans, and the schedule of changes in the total OPEB liability and related ratios for the other postemployment healthcare benefits plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Upcoming Changes in Accounting Standards and Regulatory Updates

Procurement Rules under Uniform Guidance

The Uniform Guidance has different procurement rules than those previously required by the Circular A-133. Due to the work required by nonfederal entities to implement these new rules, a two-year grace period was given. In May 2017, an additional one-year grace period was given. Beginning July 1, 2018, nonfederal entities will be required to comply with all of the Uniform Guidance procurement rules. Included in these new rules is the requirement for written policies and procedures.

Commencing with the fiscal year 2018-2019 audits, auditors will request the written policies of the nonfederal entity for all single audits and review the procurement policies and procedures for compliance with the Uniform Guidance procurement rules.

Restriction on Use

This information is intended solely for the information and use of the Board of Port Commissioners and management of the Ventura Port District and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Diehl Evans LLP

Irvine, California
February 14, 2019

VENTURA PORT DISTRICT
FINANCIAL STATEMENTS
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
JUNE 30, 2018

ATTACHMENT 2

VENTURA PORT DISTRICT**Table of Contents****June 30, 2018**

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ATTACHMENT 2

INDEPENDENT AUDITORS' REPORT

The Board of Port Commissioners
of the Ventura Port District
Ventura, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Ventura Port District (the District), which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ventura Port District as of June 30, 2018, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1D and 3H to the basic financial statements, the District adopted Governmental Accounting Standards Board's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required retrospective application resulting in a reduction of previously reported net position. Our opinion is not modified with respect to this matter.

Other Matter*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of the net pension liability, the schedules of plan contributions - defined benefit pension plans, and the schedule of changes in the total OPEB liability and related ratios - other postemployment health care benefits plan, identified as Required Supplementary Information (RSI) in the accompanying table of contents, 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 RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2019, 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 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.

White Nelson Nickl Evans LLP

Irvine, California
February 14, 2019

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VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2018

It is our pleasure to submit the Ventura Port District's (the District) Management's Discussion and Analysis (MD&A) for the fiscal year ended June 30, 2018. This report was prepared pursuant to the guidelines set forth by the Government Accounting Standards Board (GASB) and sets forth an overview of the District's financial activities and performance for the fiscal year ended June 30, 2018. This analysis should be read in conjunction with the audited financial statements that follow this section.

District staff prepared this financial report in conjunction with an unmodified opinion issued by the independent audit firm White Nelson Diehl Evans LLP. This report consists of management's representations concerning the finances of the District. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

District Structure and Leadership

The Ventura Port District was established in April 1952 for the purpose of acquiring, constructing and operating a commercial and recreational boat harbor now known as the Ventura Harbor. The Port was formed as per Sections 6200 to 6372 of the Harbor and Navigation Code of the State of California. The District's legal boundaries encompass all of the City of San Buenaventura as well as some small areas outside the City limits. Construction was completed and Ventura Harbor commenced operations in June 1963.

Other than the 2.74 acre site owned by the Department of Interior, National Park Service, the District is the sole landowner within this multiple use harbor, with current property holdings of approximately 152 acres of land and 122 acres of water area, initially developed in the early 1960s. The Ventura Harbor is home to many diverse businesses such as marinas for recreational and commercial vessels, commercial fishing offloading facilities, boat charters, a mobile home park, two hotels, a time share, a public launch ramp, two fuel stations, two full service boatyards, and a mixed use commercial development center with boutique shops, restaurants, and office spaces.

The District is governed by a five-member Board of Port Commissioners, appointed by the City Council of the City of San Buenaventura, serving four-year terms without compensation. Below are the Commissioners at June 30, 2018:

Everard Ashworth, Chairman
Brian Brennan, Vice Chairman
Jim Friedman, Commissioner
Chris Stephens, Commissioner
Jean Getchell, Commissioner

Mission Statement

The Ventura Port District, home to Channel Island National Park and Visitors Center, provides a safe and navigable harbor and a seaside destination that benefits residents, visitors, fishermen and boaters to enjoy Ventura Harbor's exceptional facilities, events and services.

ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

Financial Highlights

The District provides public services such as Harbor Patrol and a public launch ramp, which are traditionally associated with a port district. The District also contracts with the State Parks system for lifeguard services from May through September for approximately \$80,000. In addition, the District offers long term ground leases (50 years) on certain parcels for private use such as hotels and timeshares, marinas, boatyards, yacht clubs, and a mobile home park. The District is also the owner/operator of Ventura Harbor Village, a 32.67 acre commercial, office, boat charter and marina complex located in the harbor with a strong commercial fishing industry.

- The District's net position for June 30, 2018 increased 4.5% to \$20,857,966 after consideration of prior period adjustment related to an increase in OPEB liability pertaining to retroactive implementation of GASB Statement No. 75.
- Total revenues decreased 6.1% to \$9,868,345 during the fiscal year.
- Total expenses increased 18.5% to \$8,966,128 during the fiscal year

Overview of the basic financial statements

The District's basic financial statements are comprised of three components: Financial statements, notes to the basic financial statements and required supplementary information. The financial statements consist of the following:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

The District's activities are accounted for in an enterprise fund. Enterprise funds are operated in a manner similar to private business in that the majority of the Districts revenues are generated through leases, fees and services to the public. These revenues are used to cover all operations, financing and infrastructure needs in the harbor.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). The difference between the District's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recognized on the accrual basis.

ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

Statement of Net Position

The following condensed financial information provides an overview of the District's financial position as of June 30, 2018 and 2017.

Summary of Net Position June 30, 2018 and 2017

	2018	2017*	Increase/ (Decrease)	%
Assets:				
Current assets	\$ 10,214,700	\$ 10,379,570	\$ (164,870)	-1.6%
Restricted assets	3,154,103	3,115,769	38,334	1.2%
Capital assets, net	24,347,453	24,195,447	152,006	0.6%
Total assets	<u>37,716,256</u>	<u>37,690,786</u>	<u>25,470</u>	0.1%
Deferred Outflows of Resources	1,550,120	1,389,094	161,026	11.6%
Total assets and deferred outflows	<u>39,266,376</u>	<u>39,079,880</u>	<u>186,496</u>	0.5%
Liabilities:				
Current & other liabilities	6,054,398	5,421,550	632,848	11.7%
Long-term debt obligations	12,196,400	13,025,500	(829,100)	-6.4%
Total liabilities	<u>18,250,798</u>	<u>18,447,050</u>	<u>(196,252)</u>	-1.1%
Deferred Inflows of Resources	157,612	270,149	(112,537)	-41.7%
Total liabilities and deferred inflows	<u>18,408,410</u>	<u>18,717,199</u>	<u>(308,789)</u>	-1.6%
Net Position:				
Net investment in capital assets	12,392,547	11,438,008	954,539	8.3%
Restricted assets	3,154,103	3,115,769	38,334	1.2%
Unrestricted assets	5,311,316	5,808,904	(497,588)	-8.6%
Total net position	<u>\$ 20,857,966</u>	<u>\$ 20,362,681</u>	<u>\$ 495,285</u>	2.4%

* Not adjusted for prior period adjustment related to an increase in OPEB liability pertaining to the retroactive implementation of GASB Statement No. 75

ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

Statement of Net Position (Continued)

The District's net position at June 30, 2018 is \$20,857,966. This is an increase of \$902,217 over the restated net position at June 30, 2017 of \$19,955,749. The net position at June 30, 2017 was decreased by \$406,932 due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required retrospective application of accountability for Other Postemployment Benefits (OPEB) resulting in a reduction of previously reported net pension.

Key changes in the statement of net position are as follows:

Assets

Current assets decreased \$164,870 for fiscal year 2018 to \$10,214,700 due to the net effect of an increase from normal operations for the year offset by the purchase of capital assets and equipment.

Restricted assets increased \$38,224 for fiscal year 2018 to \$3,154,103 due to an increase in the fisheries improvement reserve. Two leases were negotiated, one in fiscal year 2015 and one in fiscal year 2016, which require the tenants to pay into a fisheries improvement reserve fund up to a maximum of \$100,000 each during the term of their leases. These funds are restricted by the terms of the leases to be used for repairs and upkeep to the fish offloading complex areas in the Ventura Harbor Village, including the fish pier. The annual contributions to this fund and the investment interest earnings account for the increase in this category.

The capital assets increased \$152,006 during fiscal year 2018 to \$24,347,453. This was the net effect of infrastructure renovations and equipment purchases offset by asset retirements and the annual amortization of the depreciation expenses. The capital assets are discussed in more detail later in this report.

Deferred outflows of resources increased by \$161,026 to \$1,550,120. This increase was the net effect of the change in value from items listed below that are required to be reported in this category.

- The expensing of annual amortization on the deferred amounts on bond refunding that resulted from the difference in the carrying value of refunded debt and its reacquisition price.
- Deferred outflow related to pensions and OPEB to reflect the employer contributions made after the measurement date of the net pension and OPEB liabilities applicable to the current audit year. The new value will be recognized as a reduction of the net pension liability in the next fiscal year.
- Deferred outflow related to pensions to reflect the difference between the actual and the expected experience value of the pension.
- Deferred outflows related to pensions resulting from changes in assumptions used to determine annual pension liabilities.
- Deferred outflow related to pensions to reflect the net difference between projected and actual earnings on plan investments of the pension plans fiduciary net position.

ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

Statement of Net Position (Continued)

- Deferred outflow related to pensions for the differences between the employer's contributions to the plan and the employers proportionate share of contributions as determined by GASB.

Liabilities

Current & other liabilities increased by \$632,848 to \$6,054,398. This increase is primarily the net effect of several factors grouped into this category as discussed below:

- There was a decrease of \$319,000 in accounts payable and other accrued expenses. The decrease in this category was the net effect of the following factors. The 6/30/18 accounts payable included \$54,000 for construction projects compared to the \$420,000 for construction projects that was included in the 6/30/17 balance. This decrease in payables for construction projects was offset by an increase of \$34,000 for utilities bills and \$25,000 for professional services that were reflected in the 6/30/18 accounts payable balance that were not in the 6/30/17 balance.
- There was an increase of \$501,000 in the Other Post-Employment Benefits (OPEB) liability. This increase was a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires a change in the method in which OPEB liability is calculated and reflected in government agencies Statement of Net Position.
- There was an increase of \$434,000 in pension liability. CalPERS prepares a guide for public agencies reflecting the methodology and pension amounts to be used for GASB 68 pension reporting. The District's liability increased as a result of GASB 68 calculations.

Long-term debt obligations decreased \$829,100 as a result of the annual paying down of principal on the outstanding balance. No new debt was incurred during fiscal year 2018.

Deferred inflows of resources were decreased by \$112,537. This decrease was due to the net effect of the change in value of items to be reported in this category as related to pensions.

- Deferred inflows related to pensions to reflect the difference between the actual and the expected experience value of the pension.
- Deferred inflows related to pensions resulting from changes in assumptions used to determine annual pension liabilities.
- Deferred inflows related to pensions reflecting the difference between the employer's contributions to the plan and the employer's proportionate share of contributions as determined by GASB.

ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

Net Position

Net investment in capital assets increased \$954,539 to \$12,392,547. This increase is the net effect of the increase in capital assets as explained previously (the net effect of infrastructure renovations and equipment purchases offset by asset retirements and the annual amortization of the depreciation expenses) being reduced by the annual principal payment on the related debt which in-turn reduced the amount of debt being netted against the capital assets.

Assets that are invested in capital assets, net of related debt, represent land, land improvements, construction in progress, harbor improvements, leasehold improvements, buildings, and equipment as reduced by the related debt service. The District uses these assets to provide facilities and services to the public.

The restricted assets increased \$38,334 due to an increase in the fisheries improvement reserve fund as discussed previously. Restricted assets are subject to external restrictions on how they may be used. As of June 30, 2018, there is \$3,000,000 restricted for dredging activity as required by the Ellison Judgment and a balance of \$154,103 in the restricted fisheries improvement reserve.

Unrestricted assets may be used to meet the District's on-going obligations.

ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

Statements of Revenues, Expenses and Changes in Net Position

The following table summarizes the District's operations for fiscal years 2018 and 2017:

Summary of Revenues, Expenses and Changes in Net Position Years Ended June 30, 2018 and 2017

	2018	2017*	Increase/ (Decrease)	%
Revenues:				
Operating revenues	\$ 8,356,235	\$ 9,120,698	\$ (764,463)	-8.4%
Non-operating revenues	1,512,110	1,388,156	123,954	8.9%
Total Revenues	<u>9,868,345</u>	<u>10,508,854</u>	<u>(640,509)</u>	-6.1%
Expenses:				
Operating expenses				
before depreciation	7,358,102	6,268,581	1,089,521	17.4%
Depreciation	895,690	847,883	47,807	5.6%
Non-operating expenses	<u>712,336</u>	<u>451,747</u>	<u>260,589</u>	57.7%
Total Expenses	<u>8,966,128</u>	<u>7,568,211</u>	<u>1,397,917</u>	18.5%
Change in Net Position	<u>902,217</u>	<u>2,940,643</u>	<u>(2,038,426)</u>	-69.3%
Net Position, Beginning of Year	20,362,681	17,422,038	2,940,643	16.9%
Prior period adjustment	<u>(406,932)</u>	<u>-</u>	<u>(406,932)</u>	0.0%
Net Position, Beginning of Year, as Restated	<u>19,955,749</u>	<u>17,422,038</u>	<u>2,533,711</u>	14.5%
Net Position, End of Year	<u>\$ 20,857,966</u>	<u>\$ 20,362,681</u>	<u>* \$ 495,285</u>	2.4%

* Not adjusted for prior period adjustment related to an increase in OPEB liability pertaining to the retroactive implementation of GASB Statement No. 75

ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

Revenues

Total revenues decreased 6.1% in fiscal year 2018 to \$9,868,345. This represents a \$640,509 decrease from fiscal year 2017 revenues of \$10,508,854. This decrease was due to a number of factors:

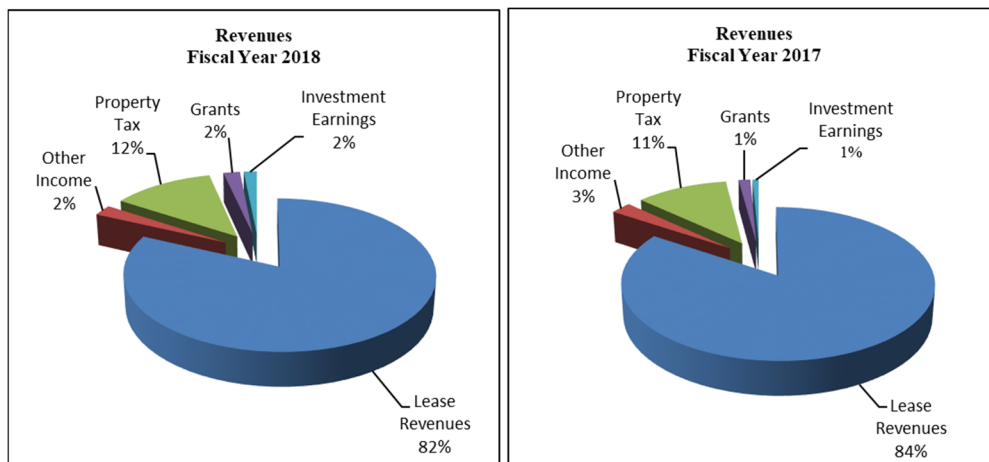
Operating income decreased \$764,463 due to the net effect of the following primary factors:

- The District was fortunate to receive a onetime lease signing fee of \$1,200,000 in fiscal year 2017 which was not repeated in fiscal year 2018.
- The master tenant income increased \$285,000 due primarily to increased occupancy at Ventura Isle Marina and an increase in minimum rent from the Portside Ventura Harbor apartment development in the northeast harbor area.
- Harbor Village lease income increased \$130,000. This increase is attributed to higher occupancy levels at Harbor Village and increased retail, restaurant and charter sales volumes resulting in higher revenues to the District. Increased sales volumes were primarily attributed to the continuing revitalization efforts of the District and the Village businesses.

Non-operating income increased \$123,954 due to the following two factors:

- The District's pro-rata share of County property taxes increased \$53,000 due to a continuing improvement in the housing market.
- Investment income increased \$80,000. The District's funds are invested with Local Agency Investment Funds (LAIF). The interest earned on this investment continues to exceed expectation.

The following two charts show a comparison of revenues by source for each year. Lease revenues are by far the most significant source of revenues for the District, generally followed by property tax revenues.



ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

Expenses

The expenses for fiscal year 2018 increased 18.5% to \$8,966,128. This is an increase of \$1,397,917 over the fiscal year 2017 expenses of \$7,568,211. This increase is attributed to several factors:

Operating expenses increased \$1,089,521 due primarily to the net effect of changes in these categories:

- Salaries and benefits increased \$492,000. This increase was the net effect of four primary categories:
 1. Wages were increased \$141,000 due to negotiated increases and the hiring of one additional employee.
 2. Employee benefits were increased \$49,000 also due to negotiated increases and the hiring of one additional employee.
 3. Workers compensation premiums were decreased \$62,000 for fiscal year 2018 as a result of the annual retro-deposit premium calculation analysis that the California Joint Powers Insurance Association performs. This analysis is based on many factors and can increase or decrease premiums for the year.
 4. PERS and OPEB expenses increased \$363,500. PERS prepares a guide for public agencies reflecting the methodology and pension amounts to be used for GASB 68 pension reporting. These expenses increased as a result of GASB 68 calculations for PERS combined with an increase in OPEB expenses as a result of implementing GASB 75.
- Professional services increased \$110,000 due primarily to the following factors:
 1. Increase of \$75,000 for services pertaining to the Ventura Shellfish Enterprise project for aquaculture in Federal waters for the future growing of Mediterranean mussels. \$50,000 of these services was reimbursed thru Sea Grant.
 2. Increase of \$25,000 for services related to pedestrian and vehicle data studies in the Harbor.
 3. Engineering services increased \$20,000 for Harbor Village restaurant suite revised as-built plans and new concept plans for several suites as part of the plan to revitalize the Harbor Village.
- Depreciation expense increased \$47,807 due to the net effect of the amortizing of new fiscal year 2018 assets offset by a decrease in depreciation due to older assets having become fully depreciated.
- Repairs and maintenance increased \$425,000 for fiscal year 2018. Of this increase, \$386,000 was for slurry coating, striping and repairs of parking lots throughout the harbor. The remaining \$39,000 reflects refurbishing of landscapes and pathways, including improved pathway and stairway lighting in Harbor Village.

Non-operating expenditures increased \$260,589 to \$712,336. This increase is primarily due to the loss on the disposition of a capital asset that did not survive its expected life span.

ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

Capital Assets and Debt Administration

Capital Assets

The District's capital assets, net of accumulated depreciation totaled \$24,347,453 on June 30, 2018. This is an increase of \$152,006 over the June 30, 2017 balance of \$24,195,447. This increase is due to the net effect of new infrastructure improvements and the purchase of equipment offset by asset dispositions and the current year's depreciation expense.

The capital assets include land, harbor, building and leasehold improvements, equipment and construction in progress. The following table shows the change in capital assets for fiscal years 2018 and 2017.

**Capital Assets, Net
Years Ended June 30, 2018 and 2017**

	2018	2017	Increase/ (Decrease)	%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land	\$ 2,342,629	\$ 2,342,629	\$ -	0.0%
Buildings & Structures	22,576,586	19,786,914	2,789,672	14.1%
Harbor Improvements	14,323,474	14,797,899	(474,425)	-3.2%
Equipment	1,688,532	1,646,162	42,370	2.6%
Construction in Progress	174,128	1,744,079	(1,569,951)	-90.0%
	<u>41,105,349</u>	<u>40,317,683</u>	<u>787,666</u>	<u>2.0%</u>
Less: Accumulated depreciation	<u>(16,757,896)</u>	<u>(16,122,236)</u>	<u>(635,660)</u>	<u>3.9%</u>
Total capital assets	<u>\$ 24,347,453</u>	<u>\$ 24,195,447</u>	<u>\$ 152,006</u>	<u>0.6%</u>

Major improvement projects and equipment purchases in fiscal year 2018 were as follows:

- Renovated the roof systems for one Ventura Harbor Village building and the flat parapet roof portions of two other Ventura Harbor Village buildings.
- Renovated the elevator in one of the Ventura Harbor Village buildings located at 1583 Spinnaker Drive.
- Replaced and upgraded the windows in six Ventura Harbor Village buildings.
- Completed Phase III of the accessibility improvements in the courtyard and promenade area of Ventura Harbor Village commonly known as the Carousel courtyard. This renovation was incomplete and classified as construction in progress at 6/30/2017. The project was completed in December 2017.
- Purchased one Maintenance truck with a boom lift, one courtesy patrol vehicle for use at Ventura Harbor Village and two Sea Doo personal watercrafts to be used to assist with Harbor Patrol water rescues.

ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

There was one major disposition in fiscal year 2018. The parking lot slurry and renovation asset capitalized in March 2010 was disposed of at 6/30/2018. This maintenance was performed during fiscal year 2018 which necessitated the disposal of this asset.

The District had no significant capital commitments to report at June 30, 2018.

Additional information on the District's capital assets can be found in Note 2(c) of the basic financial statements.

Debt Administration

The District's long-term debt balance at June 30, 2018 is \$12,196,400. This is a decrease of \$829,100 over the June 30, 2017 balance of \$13,025,500. This decrease is due to the paying down of principal on the outstanding debt.

The following table summarizes the changes in the District's long-term debt obligations as of June 2018 and 2017:

Summary of Long-term Debt

	June 30, 2018	June 30, 2017	Increase/ (decrease)	%
Amend #1 Refinance certificates of participation Series '08	\$ 6,178,900	\$ 6,699,500	\$ (520,600)	-7.8%
Amend #1 Refinance certificates of participation Series '09	1,548,900	1,678,200	(129,300)	-7.7%
Refunding of DBW loans related to certificates of participation Series '16	<u>4,468,600</u>	<u>4,647,800</u>	<u>(179,200)</u>	-3.9%
Total long-term debt	<u>\$ 12,196,400</u>	<u>\$ 13,025,500</u>	<u>\$ (829,100)</u>	-6.4%

Additional information on the District's long-term debt can be found in Note 2(e) of the basic financial statements.

Economic Outlook

The economic outlook for the Ventura Port District is positive. Occupancy levels at Harbor Village have increased for the office, retail and restaurant categories. Charters also continue to increase, year-over-year. As the owner operator of the Harbor Village complex, additional infrastructure improvements continue to be made on the land and waterside to renovate this 40 year old complex. The District secured \$4.6 million in financing for new commercial boat slips at Village Marina docks C, D, G, & H. The project is in the design and entitlement phase with construction anticipated by fall 2019 or early 2020. In December 2018, the Board approved the conceptual design and scope of work for Harbor Village renovations including paint, awnings, patio covers and signage. Plans are in the design stage and will be submitted to the City 1st quarter 2019 for approval. The first phase of work, painting, is anticipated by fall.

ATTACHMENT 2

VENTURA PORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

June 30, 2018

Sales at the Ventura Harbor Boatyard are up following the addition of a 200 ton travel lift that replaced their 150 ton travel lift. This larger lift has enabled the Boatyard to open their services up to accommodate larger vessels thereby increasing their revenue opportunities.

The Holiday Inn Express is nearing the end of its construction of 40 new rooms, which are slated to open by June 30, 2019. Following the completion of the new construction, the Holiday Inn Express will begin renovations of the existing rooms.

The occupancy levels increased at Ventura Isle Marina because of the new management with Safe Harbor Marinas (SHM), one of the largest marina operators in the region. SHM is in the entitlement and permitting stage of a slip replacements project for Docks G, H, I, L, & M which represents a significant portion of their overall marina. This improvement also includes new dock gates and gangways, parking lot and accessibility improvements. The plans are still subject to Coastal Commission approvals which are anticipated in 2019. The renovated marina improves the slip sizes and configuration to meet market demands. Upon completion, this will improve occupancy levels and increase revenues of the marina.

Portside Ventura Harbor in the northeast harbor area with 300 apartment units and 23,000 sq. ft. of commercial space is under construction. The minimum annual rental on this project is currently \$300,000. We expect the project will be completed in the first half of 2020. After a stabilization period of 18 to 24 months, the District's revenue could exceed \$1.2 million per year from this project. There is also a 140 slip marina associated with the project, but that percentage rental to the District shall be deferred for a ten year period as stipulated in the lease.

The District continues to pursue long-term development opportunities for two sites, Parcels 5 and 8. The developer previously selected by the District decided to not pursue the next steps of predevelopment due to the condition of property title, the time and or uncertainties it would take the District to provide "clean" title for development and due to other time sensitive commitments and opportunities. Long-standing title (report) issues have now been resolved and the District will evaluate previous pre-development studies and reports to refine potential uses for the parcels. The District can then evaluate opportunities with the Board and Harbor stakeholders for future public-private partnerships to achieve the District's goals.

The Ventura Port District is the project applicant for a strategic permitting initiative known as Ventura Shellfish Enterprise (VSE) to substantially increase shellfish farming in Federal waters five miles from the Ventura harbor. The project will establish a commercial offshore bivalve aquaculture operation based from the Ventura Harbor to create economic opportunities for community and marine stake holders, produce a high value and sustainable seafood product, and advance collaborative evaluation of permit applications among regulators.

The District has now submitted permit and related applications for the VSE project to federal and state agencies for twenty 100-acre sites in federal waters near Ventura Harbor. As part of the effort the District has successfully received a second award of federal Sea Grant dollars, approximately \$266,000 over a two-year period. The District provides required matching funds through cost share, which is achieved through in-kind contributions of time by Port District staff, consultant and volunteer participants. The District also directly funds some project related costs.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Accounting Manager, at (805) 642-8538 or 1603 Anchors Way Drive, Ventura, CA 93001.

ATTACHMENT 2
VENTURA PORT DISTRICT

STATEMENT OF NET POSITION

June 30, 2018

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$ 9,561,278
Restricted cash and cash equivalents	3,154,103
Accounts receivable, net	297,024
Due from other governments	109,590
Other receivables	145,811
Prepaid expenses	35,654
Inventories	65,343
TOTAL CURRENT ASSETS	<u>13,368,803</u>

NONCURRENT ASSETS:

Capital assets not being depreciated	12,421,460
Capital assets being depreciated (net of accumulated depreciation)	11,925,993
TOTAL NONCURRENT ASSETS	<u>24,347,453</u>

TOTAL ASSETS	<u>37,716,256</u>
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DEFERRED OUTFLOWS OF RESOURCES:

Deferred amounts on refundings	241,494
Deferred amounts from OPEB plan	13,492
Deferred amounts from pension plans	1,295,134
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,550,120</u>

LIABILITIES:

CURRENT LIABILITIES:

Accounts payable	285,044
Interest payable	163,570
Accrued liabilities	94,431
Unearned revenue	220,650
Security deposits	283,746
Current portion of long-term liabilities	1,005,488
TOTAL CURRENT LIABILITIES	<u>2,052,929</u>

NONCURRENT LIABILITIES:

Long-term liabilities	11,450,864
Total OPEB liability	1,129,864
Net pension liability	3,617,141
TOTAL NONCURRENT LIABILITIES	<u>16,197,869</u>

TOTAL LIABILITIES	<u>18,250,798</u>
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DEFERRED INFLOWS OF RESOURCES:

Deferred amounts from pension plans	<u>157,612</u>
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NET POSITION:

Net investment in capital assets	12,392,547
Restricted for dredging	3,000,000
Restricted for fisheries complex	154,103
Unrestricted	<u>5,311,316</u>
TOTAL NET POSITION	<u>\$ 20,857,966</u>

See accompanying notes to basic financial statements.

ATTACHMENT 2
VENTURA PORT DISTRICT

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

For the year ended June 30, 2018

OPERATING REVENUES:

Leases:	
General	\$ 5,586,839
Harbor Village slips	915,416
Fishing	353,331
Boat yard	339,717
Charter	387,828
Tenant reimbursements	437,923
Dry storage	102,075
Other	233,106
TOTAL OPERATING REVENUES	<u>8,356,235</u>

OPERATING EXPENSES:

Administration	147,684
Salaries and benefits	3,816,847
Merchant promotion	280,614
Professional services	738,739
Depreciation	895,690
Repairs and maintenance	1,274,075
Harbor dredging	205,557
Utilities	361,897
Insurance	249,161
Other	283,528
TOTAL OPERATING EXPENSES	<u>8,253,792</u>

OPERATING INCOME	<u>102,443</u>
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NONOPERATING REVENUES (EXPENSES):

Taxes	1,218,748
Investment income	156,515
Intergovernmental grants	136,847
Loss on disposition of capital assets	(287,242)
Interest expense	(425,094)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>799,774</u>

CHANGES IN NET POSITION	902,217
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NET POSITION - BEGINNING OF YEAR. AS RESTATED	<u>19,955,749</u>
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NET POSITION - END OF YEAR	<u><u>\$ 20,857,966</u></u>
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See accompanying notes to basic financial statements.

ATTACHMENT 2
VENTURA PORT DISTRICT

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from tenants	\$ 8,124,886
Cash received from others	229,404
Cash paid to employees	(3,571,563)
Cash paid for goods and services	<u>(3,540,429)</u>

**NET CASH PROVIDED BY
OPERATING ACTIVITIES**

1,242,298

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES:**

Taxes received	1,230,531
Receipts from other governments	<u>136,195</u>

**NET CASH PROVIDED BY NONCAPITAL
FINANCING ACTIVITIES**

1,366,726

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES:**

Proceeds from disposal of capital assets	1,320
Acquisition and construction of capital assets	(1,336,258)
Principal payments on long-term debt	(829,100)
Interest payments on related debt	<u>(409,587)</u>

**NET CASH USED BY CAPITAL AND
RELATED FINANCING ACTIVITIES**

(2,573,625)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>127,838</u>
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**NET INCREASE IN CASH
AND CASH EQUIVALENTS**

163,237

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

12,552,144

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 12,715,381

**RECONCILIATION OF CASH AND CASH EQUIVALENTS
TO STATEMENT OF NET POSITION:**

Cash and cash equivalents	\$ 9,561,278
Restricted cash and cash equivalents	<u>3,154,103</u>
	<u><u>\$ 12,715,381</u></u>

(Continued)

See accompanying notes to basic financial statements.

ATTACHMENT 2
VENTURA PORT DISTRICT

STATEMENT OF CASH FLOWS
(CONTINUED)

For the year ended June 30, 2018

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 102,443
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	895,690
Changes in operating assets and liabilities:	
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(6,935)
Other receivables	(3,702)
Prepaid expenses	331,407
Inventories	(13,451)
Deferred outflows from OPEB plan	(13,492)
Deferred outflows from pension plans	(580,511)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(146,828)
Accrued liabilities	(169,511)
Unearned revenue	8,692
Security deposits	1,262
Compensated absences	15,104
Total OPEB liability	94,466
Net pension liability	840,201
Deferred inflows from pension plans	(112,537)
	<hr/>
Total adjustments	1,139,855
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NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,242,298
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NONCASH CAPITAL AND FINANCING ACTIVITIES:

Amortization on deferred amount on debt refunding	\$ (26,567)
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See accompanying notes to basic financial statements.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Ventura Port District (District) was organized under Sections 6200-6372 of the Harbor and Navigation Code of the State of California on April 15, 1952, for the purpose of acquiring, constructing, and operating a small boat harbor now known as Ventura Harbor. The District is governed by a board of five commissioners appointed by the District Council of the District of San Buenaventura (the Board of Port Commissioners). They serve for a term of four years without compensation. The Board of Port Commissioners appoints legal counsel, an auditor, and a general manager to implement board policies and direct operational aspects of the harbor.

The District receives a pro rata share of the general tax levy from the County of Ventura. The District also has the power of eminent domain.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units.

The financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the District's operations, and data from this unit is combined with data of the District. The blended component unit has a June 30 year-end. The District had no discretely presented component units. The following entity is reported as a blended component unit.

The Ventura Port District Public Facilities Corporation (the Corporation) was formed and organized in 1992 as a nonprofit public benefit corporation pursuant to the laws of the State of California. The District's Board of Port Commissioners acts as the governing board of the Corporation. The Corporation was formed for the purpose of financing and owning certain improvements on land leased from the District consisting of a portion of a multiple-use center and marina, which is commonly referred to as "Ventura Harbor Village." Separate financial statements are not prepared for the Corporation.

B. Basis of Presentation

The basic financial statements (i.e., statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows) report information on all of the activities of the District.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The District's activities are accounted for in an enterprise fund. An enterprise fund is a proprietary-type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District applies all Governmental Accounting Standards Board (GASB) pronouncements.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

C. Measurement Focus and Basis of Accounting

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus" and the "accrual basis of accounting." Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. The principal operating revenues of the District are lease revenues. Operating expenses include costs of providing services in relation to the leased properties, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements

Current-Year Standards

In fiscal year 2017-2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this standard decreased the net position at July 1, 2017 by \$406,932.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This standard did not impact the District.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017. This standard did not impact the District.

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017. This standard did not impact the District.

Pending Accounting Standards

GASB has issued the following statements, which may impact the District's financial reporting requirements in the future:

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to deferred amounts on refundings that resulted from the difference in carrying value of the refunded debt and its reacquisition price. This item is deferred and amortized over the life of the refunding debt.
- Deferred outflows related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension liability/total OPEB liability.
- Deferred outflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.
- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the pension plans.
- Deferred outflows related to pensions resulting from the net difference between projected and actual earnings on plan investments of the pension plans fiduciary net position. These amounts are amortized over five years.
- Deferred outflows related to pension plans for the changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

In addition to liabilities, the statement of net position and governmental funds balance sheet 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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deferred Outflows/Inflows of Resources (Continued)

- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the pension plans.
- Deferred inflows related to pensions for the changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

F. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the District considers cash on hand and in the bank, cash held and invested by the County Treasurer, and the pooled funds held by the State of California Local Agency Investment Fund (LAIF), which are readily convertible to known amounts of cash, to be cash and cash equivalents.

Cash and cash equivalents, as reported in the statement of cash flows, include both restricted and unrestricted amounts.

Accounts Receivable

The District grants unsecured credit to its customers. Bad debts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and a review of past due accounts.

Inventories

Inventories consist primarily of materials and supplies used in the general maintenance of vehicles, boats, and leased land. They are valued at cost using the first-in, first-out method.

Capital Assets

The District defines capital assets as tangible property having a minimum value of \$5,000 (\$10,000 for buildings, improvements, and infrastructure) that has a life expectancy longer than one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position (Continued)

Capital Assets (Continued)

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Harbor improvements	5-50 years
Leasehold improvements	5-50 years
Buildings and structures	5-50 years
Boats	3-10 years
Trucks	3-10 years
Equipment	3-10 years
Signs	5 years

Property Taxes Receivables

Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied based on a July 1 to June 30 fiscal year. Taxes are due in two installments on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Ventura bills and collects the taxes for the District. Tax revenues are recognized by the District in the year levied. Property tax receivables are adjusted to their net realizable values by deducting any estimated uncollectible amounts reported to the District.

Compensated Absences

District employees earn vacation and sick leave in accordance with the personnel policies of the District. The liability for vested vacation and sick leave is recorded as an expense when earned.

Net Position

In the statement of net position, net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets - This category groups all capital assets into one component of net position. Deferred amounts on refundings increase the balance in this category. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position (Continued)

Net Position (Continued)

- **Restricted** - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law or judgment. At June 30, 2018, the restricted assets are \$3,154,103, of which \$3,000,000 is restricted for dredging of the harbor by a court judgment against the District in 1979, and \$154,103 is restricted by lease agreement for facility maintenance on the fisheries complex.
- **Unrestricted** - This category represents assets of the District not restricted for any project or other purpose.

G. Operating Leases

The District leases parcels of land within the harbor. The lessees develop the parcels and pay rent to the District. The leases are primarily for a period of 3-50 years.

Most of the lease agreements provide for future minimum lease payments with additional rentals contingent upon sales volumes of the lessees. Future minimum lease payments are subject to periodic renegotiation.

The rent paid to the District by each lessee is the greater of the established minimum annual rent for each parcel or rent computed as a percentage of the lessee's gross revenues. The level of income received by the District is dependent upon the success of the businesses operating in the Ventura Harbor.

H. 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 additions to/deductions from the plans' fiduciary net position has been determined on the same basis as it is 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.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 2 - DETAILED NOTES

A. Cash and Investments

Cash and Investments

Cash and investments as of June 30, 2018, are reported in the statement of net position as follows:

Cash and cash equivalents	\$ 9,561,278
Restricted cash and cash equivalents	<u>3,154,103</u>
Total cash and investments	<u><u>\$ 12,715,381</u></u>

Cash and investments as of June 30, 2018, consist of the following:

Demand accounts (bank balance)	\$ 412,797
Less outstanding checks	<u>(55,295)</u>
Book balance	357,502
Petty cash	<u>1,521</u>
Total deposits and petty cash	<u>359,023</u>
Investments:	
State of California LAIF	12,339,111
Ventura County Treasury Pool	<u>17,247</u>
Total investments	<u>12,356,358</u>
Total cash and investments	<u><u>\$ 12,715,381</u></u>

Restricted Cash and Cash Equivalents

A portion of cash and cash equivalents as of June 30, 2018, is considered to be restricted for the following purposes:

Dredging pursuant to settlement agreement	\$ 3,000,000
Facility maintenance pursuant to lease agreement	<u>154,103</u>
Total	<u><u>\$ 3,154,103</u></u>

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 2 - DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Investments Authorized by the California Government Code and the District's Investment Policy

The District's investment policy authorizes an investment in all investments authorized under provisions of California Government Code Section 53601. The District's investment policy is not more restrictive than the California Government Code.

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio*	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	5%
CD Placement Service	5 years	30%	None
Banker's Acceptance	180 days	40%	30%
Repurchase Agreements	1 year	None	None
Commercial Paper	270 days	25%	10%
Medium-Term Notes	5 years	30%	None
California LAIF	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%

N/A - Not Applicable

*Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 2 - DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Disclosures Relating to 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 longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table, which shows the distribution of the District's investments by maturity at June 30, 2018:

	Less Than One Year
Investment Type:	
LAIF	\$ 12,339,111
Ventura County Treasury Pool	17,247
Total	<u>\$ 12,356,358</u>

Disclosures Relating to Credit Risk

Generally, 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. LAIF does not have a rating provided by a nationally recognized statistical rating organization. The Ventura County Treasury Pool had a Standard & Poor's rating of AA+ at June 30, 2018.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 2 - DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018, all of the District's deposits with financial institutions were covered by federal depository insurance limits or collateralized as required under California law.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty, or the counterparty's trust department or agent but not in the District's name. At June 30, 2018, the District does not have any investments that are exposed to custodial credit risk.

Investment in State Investment Pool

The District is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts 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 that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 2 - DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. The District's investments in LAIF and the Ventura County Treasury Pool are not subject to fair value measurement.

B. Accounts Receivable, Net

As of June 30, 2018, accounts receivable, net consist primarily of lease receivables of \$310,633 with an allowance for uncollectible accounts of \$13,609.

C. Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2018, is as follows:

	Balance at July 1, 2017	Additions	Deletions	Transfers	Balance at June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 2,342,629	\$ -	\$ -	\$ -	\$ 2,342,629
Land improvements	9,904,703	-	-	-	9,904,703
Construction in progress	1,744,079	138,013	(1,707,964)	-	174,128
Total capital assets, not being depreciated	13,991,411	138,013	(1,707,964)	-	12,421,460
Capital assets, being depreciated:					
Buildings and structures	17,507,609	800,147	-	-	18,307,756
Equipment	1,646,162	108,559	(66,189)	-	1,688,532
Harbor improvements	4,893,196	-	(474,425)	-	4,418,771
Leasehold improvements	2,279,305	1,997,503	(7,978)	-	4,268,830
Total capital assets, being depreciated	26,326,272	2,906,209	(548,592)	-	28,683,889
Less accumulated depreciation	(16,122,236)	(895,690)	260,030	-	(16,757,896)
Total capital assets, being depreciated, net	10,204,036	2,010,519	(288,562)	-	11,925,993
Total capital assets, net	\$ 24,195,447	\$ 2,148,532	\$ (1,996,526)	\$ -	\$ 24,347,453

Depreciation expense was \$895,690 for the year ended June 30, 2018.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 2 - DETAILED NOTES (CONTINUED)

D. Unearned Revenue

Unearned revenue represents lease rent amounts to be credited to future years' rent per the terms of leases executed between lessees and the District. Unearned revenue totaled \$220,650 for the year ended June 30, 2018.

E. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
2008 Refunding Certificates of Participation	\$ 6,699,500	\$ -	\$ (520,600)	\$ 6,178,900	\$ 535,400
2009 Refunding Certificates of Participation	1,678,200	-	(129,300)	1,548,900	133,500
2016 Refunding Certificates of Participation	4,647,800	-	(179,200)	4,468,600	185,200
Compensated absences	244,848	422,079	(406,975)	259,952	151,388
Total	<u>\$ 13,270,348</u>	<u>\$ 422,079</u>	<u>\$ (1,236,075)</u>	<u>\$ 12,456,352</u>	<u>\$ 1,005,488</u>

2008 Refunding Certificates of Participation

On June 25, 2008, the District issued \$10 million Refunding Certificates of Participation, Series 2008 with an interest rate of 4.43% to advance a partial refund of \$10.805 million of outstanding Series 1998 bonds. The defeased Series 1998 bonds have been paid in full. On February 1, 2016, the District reset the interest rate to 3.2% by paying a \$72,050 prepayment price. As a result, the District reduced its total debt service payments by \$610,078 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$503,362.

The annual debt service requirements on these 2008 Refunding Certificates of Participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 535,400	\$ 189,159	\$ 724,559
2020	554,600	171,718	726,318
2021	568,500	153,749	722,249
2022	591,800	135,184	726,984
2023	604,600	116,042	720,642
2024 - 2028	3,324,000	272,217	3,596,217
Totals	<u>\$ 6,178,900</u>	<u>\$ 1,038,069</u>	<u>\$ 7,216,969</u>

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 2 - DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities (Continued)

2009 Refunding Certificates of Participation

On March 12, 2009, the District issued \$2,477,200 Refunding Certificates of Participation, Series 2009 with an interest rate of 4.80% to advance a refund of \$2,565,000 of outstanding Series 1998 bonds with an average interest rate of 6.375%. The defeased Series 1998 bonds have been paid in full. On February 1, 2016, the District reset the interest rate to 3.2% by paying an \$18,034 prepayment price.

The annual debt service requirements on these 2009 Refunding Certificates of Participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 133,500	\$ 47,428	\$ 180,928
2020	137,900	43,086	180,986
2021	142,400	38,601	181,001
2022	147,000	33,971	180,971
2023	151,800	29,191	180,991
2024 - 2028	836,300	68,615	904,915
Totals	<u>\$ 1,548,900</u>	<u>\$ 260,892</u>	<u>\$ 1,809,792</u>

2016 Refunding Certificates of Participation

On March 1, 2016, the District issued a \$4,841,800 Refunding Certificates of Participation, Series 2016 with an interest rate of 3.30% to currently refund the \$4,731,560 notes payable to the State of California Department of Boating and Waterways. The defeased notes payable have been paid in full.

The annual debt service requirements on these 2016 Refunding Certificates of Participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 185,200	\$ 145,936	\$ 331,136
2020	191,300	139,775	331,075
2021	198,200	133,405	331,605
2022	204,300	126,814	331,114
2023	211,100	120,016	331,116
2024 - 2028	1,166,300	489,862	1,656,162
2029 - 2033	1,373,800	282,471	1,656,271
2034 - 2036	938,400	54,870	993,270
Totals	<u>\$ 4,468,600</u>	<u>\$ 1,493,149</u>	<u>\$ 5,961,749</u>

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 2 - DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities (Continued)

Debt Service Coverage on Refunding Certificates of Participation

The 2008, 2009, and 2016 Refunding Certificates of Participation are secured by the District's pledge of all net revenues. Net revenue is defined as all operating and nonoperating revenue except for grant revenue less all operating and nonoperating expenses excluding depreciation and interest. A comparison of pledged net revenues to current-year debt service as of June 30, 2018, is as follows:

Net revenues	\$ 2,041,549
Debt services - current year	1,236,623

The District exceeds the debt service coverage requirements for the 2008, 2009, and 2016 Refunding Certificates of Participation.

NOTE 3 - OTHER INFORMATION

A. Operating Leases

The District receives the majority of its operating revenues in the form of rent payments from lessees of the parcels of land in Ventura Harbor. The period of these noncancelable leases could range from 3-50 years.

Future minimum rent payments due to the District for the next five years are as follows:

Year Ending	
June 30,	
2019	\$ 4,167,058
2020	3,718,331
2021	3,323,047
2022	2,923,147
2023	2,641,423
	<u>\$ 16,773,006</u>

The net carrying value of related assets under the leases is \$4,547,241 for the year ended June 30, 2018.

Rental income of \$8,123,131 for the year ended June 30, 2018, includes contingent rental income of \$2,406,342.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

B. Dredging Reserve

As the result of a litigation settlement during the year ended June 30, 1979, the District is required to maintain a \$3,000,000 reserve to be utilized to maintain the channel from the open sea to the Ventura Keys. Should the reserve fall below \$3,000,000, the District is required to budget and fund annually 25% of total operating revenue of the prior year until such time as the reserve balance reaches \$3,000,000 again.

The District maintains a separate restricted general ledger cash account for dredging related expenses. As of June 30, 2018, this account had a balance of \$3,000,000.

C. Pension Plans:

1). General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the District's separate Safety (police) and Miscellaneous (all other) Employee Pension Plans (Plans), which are cost-sharing multiple-employer defined benefit pension plans administered by 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.

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 nonduty disability benefits after 10 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. Cost of living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

1). General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates:		
Normal cost rate	8.921%	6.533%
Payment of unfunded liability	\$ 199,925	\$ 270
	Safety	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2%@55	2%@57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.4% to 2.0%	1.6% to 2.0%
Required employee contribution rates	7.00%	9.50%
Required employer contribution rates:		
Normal cost rate	13.012%	9.513%
Payment of unfunded liability	\$ 35,067	\$ -

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 the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the cost 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.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plans as of the measurement date, which is June 30, 2017, as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 2,863,665
Safety	753,476
Total net pension liability	<u>\$ 3,617,141</u>

The District's net pension liability for the Plans 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, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017, 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.

The District's change in proportionate share of the net pension liability for the Plans as of June 30, 2017, was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2016	0.07326%	0.01232%
Proportion - June 30, 2017	0.07264%	0.01261%
Change - increase (decrease)	-0.00062%	0.00029%

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

For the year ended June 30, 2018, the District recognized pension expense of \$592,887 (\$500,876 for the Miscellaneous plan and \$92,011 for the Safety plan). At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 339,385	\$ -
Differences between actual and expected experience	3,588	(51,404)
Change in assumptions	445,179	(33,945)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	59,742	(19,263)
Net differences between projected and actual earnings on plan investments	100,680	-
Total	<u>\$ 948,574</u>	<u>\$ (104,612)</u>
	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 106,348	\$ -
Differences between actual and expected experience	11,628	(3,032)
Change in assumptions	168,631	(12,938)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	23,184	(37,030)
Net differences between projected and actual earnings on plan investments	36,769	-
Total	<u>\$ 346,560</u>	<u>\$ (53,000)</u>

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

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

An amount of \$445,733 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 ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Miscellaneous	Safety
2019	\$ 112,729	\$ 23,463
2020	278,529	117,649
2021	173,096	67,616
2022	(59,777)	(21,516)
2023	-	-
Thereafter	-	-

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

- 2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016, total pension liability determined in the June 30, 2016, actuarial accounting valuation.

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Postretirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.

(3) Contract cost of living adjustments up to 2.75% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial Experience Study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

- 2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Change of Assumptions

In fiscal year 2017 - 2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which include the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

- 2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS's Board of Director's effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global equity	47.00%	4.90%	5.38%
Global fixed income	19.00%	0.80%	2.27%
Inflation sensitive	6.00%	0.60%	1.39%
Private equity	12.00%	6.60%	6.63%
Real estate	11.00%	2.80%	5.21%
Infrastructure and forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

- 2). Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

The following presents the District's proportionate share of the net pension liability for the Plans calculated using the discount rate for the Plans, as well as what the District's proportionate share of the net pension 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 rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net pension liability	\$ 4,331,101	\$ 1,310,565
Current discount rate	7.15%	7.15%
Net pension liability	\$ 2,863,665	\$ 753,476
1% Increase	8.15%	8.15%
Net pension liability	\$ 1,648,308	\$ 298,084

Pension Plans Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

3). Payable to the Pension Plans

At June 30, 2018, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

D. Other Postemployment Health Care Benefits

Plan Description

The District offers an agent multiple-employer defined benefit health care plan (the Health Clare Plan). The Health Clare Plan provides medical health care insurance for eligible retirees and their spouses through the California Public Employees' Retirement System Health Benefits Program under the Public Employee' Medical and Hospital Care Act (PEMHCA). The benefit contribution has been long-standing and approved by the Board of Port Commissioners on June 23, 1999. No dental, vision, or life insurance benefits are provided.

Employees Covered

As of measurement date June 30, 2017, the following current and former employees were covered by the benefit terms under the plan:

Inactive plan members or beneficiaries currently receiving benefits	7
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	-
Active employees	33
	<u>40</u>

Contributions

The benefit provisions and contribution requirements of plan members and the District are established and may be amended through agreements and memorandums of understanding between the District, and its employee groups. Administrative costs of the OPEB plan are financed through investment earnings. The District has currently chosen to pay plan benefits on a pay-as-you-go basis (i.e., as medical insurance premiums become due) and does not maintain a trust fund for its other postemployment benefits. There are no employee contributions. The District's fixed-dollar benefit contribution cannot be less than the PEMHCA minimum for PEMHCA actives and retirees. For the year ended June 30, 2018, the District paid \$128 per month for each retiree participating in the PEMHCA plan from July 1, 2017 to December 31, 2017, and \$133 per month from January 1, 2018 to June 30, 2018. 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 fiscal year was \$9,780. Including the implicit rate subsidy of \$3,712, the District's total contributions to the plan for the year ended June 30, 2018, were \$13,492.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

D. Other Postemployment Health Care Benefits (Continued)

Total OPEB liability

The District's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of July 1, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Alternative Measurement Method
Actuarial Assumptions:	
Discount Rate	3.13% (Municipal Bond 20-year High Grade Rate Index)
Long-Term Expected Rate of Return on Investments (if any)	4.00%
Medical Cost Trend Rate	6.00% for 2017; 5.00% for 2018 and later years
PEMHCA Minimum Increase Rate	4.00% after 2019
Dental, Vision and Other Cost Trend Rate	4.00%
Age Adjustment Factor	4.00%
Percent Married	60%
Participation	60%
Retirement Age	61
Pre-retirement Mortality Rates	RP-2014 Employee Mortality Table
Post-retirement Mortality Rates	RP-2014 Health Annuitant Mortality Table
Salary Increases	3.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13%. This rate is equal to the municipal bond twenty-year high-grade index rate as the District's OPEB plan does not have any fiduciary net position.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

D. Other Postemployment Health Care Benefits (Continued)

Changes in the Total OPEB Liability

The changes in the Total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016			
(Measurement Date)	\$ 1,050,230	\$ -	\$ 1,050,230
Changes in the Year:			
Service cost	61,824	-	61,824
Interest on the total OPEB liability	32,642	-	32,642
Contributions - employer	-	14,832	(14,832)
Net investment income	-	-	-
Benefit payments	(14,832)	(14,832)	-
Administrative expenses	-	-	-
Net Changes	79,634	-	79,634
Balance at June 30, 2017			
(Measurement Date)	\$ 1,129,864	\$ -	\$ 1,129,864

Change of Assumptions

There were no changes of assumptions.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

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

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

D. Other Postemployment Health Care Benefits (Continued)

Changes in the Total OPEB Liability (Continued)

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 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

	1% Decrease (2.13%)	Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB Liability	\$ 1,312,979	\$ 1,129,864	\$ 982,322

Sensitivity of the Total OPEB Liability to Changes in Medical 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 medical trend rates that are 1-percentage point lower and 1-percentage point higher than the current medical trend rate:

	1% Decrease (5.00% decreasing to 4.00%)	Current Healthcare Cost Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Total OPEB Liability	\$ 967,688	\$ 1,129,864	\$ 1,333,896

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$94,466. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 13,492	\$ -

The OPEB contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

D. Other Postemployment Health Care Benefits (Continued)

Payable to the OPEB Plan

At June 30, 2018, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

E. Related-Party Transactions

The City of Ventura provides utility services to the District for water, sewage, and refuse. The cost for these services for the year ended June 30, 2018, was \$182,565.

F. Liability, Workers' Compensation, and Purchased Insurance

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The District is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, purchase excess insurance or reinsurance, and arrange for group purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board of Directors operates through a nine-member Executive Committee.

Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on actuarial analysis. Costs are allocated to individual agencies based on payroll and claims relative to other members of the risk-sharing pool.

Primary Liability Program - Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

F. Liability, Workers' Compensation, and Purchased Insurance (Continued)

Primary Self-Insurance Programs of the Authority (Continued)

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Primary Workers' Compensation Program - Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance

Pollution Legal Liability Insurance - The District participates in the pollution legal liability insurance program that is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the District. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the three-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sublimit during the three-year term of the policy.

Property Insurance - The District participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. District property is currently insured according to a schedule of covered property submitted by the District to the Authority. District property currently has all-risk property insurance protection in the amount of \$21,286,237. There is a \$10,000 deductible per occurrence, except for nonemergency vehicle insurance, which has a \$2,500 deductible.

VENTURA PORT DISTRICT
Notes to Basic Financial Statements
June 30, 2018

NOTE 3 - OTHER INFORMATION (CONTINUED)

F. Liability, Workers' Compensation, and Purchased Insurance (Continued)

Purchased Insurance (Continued)

Crime Insurance - The District purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Special Event Tenant-User Liability Insurance - The District further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the District according to a schedule. The District then pays for the insurance. The insurance is facilitated by the Authority.

Adequacy of Protection - During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

G. Commitments

The District is in the planning process to renovate three sets of public restrooms located in Ventura Harbor Village to meet current accessibility standards.

H. Restatement of Net Position

The previously reported net position as of July 1, 2017, of \$20,362,681, was reduced by \$406,932 to \$19,955,749, due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

NOTE 4 - SUBSEQUENT EVENTS

On August 8, 2018, the District entered into a 20-year, \$4,664,166 installment sale agreement for the purpose of providing funding for marina dock improvements. Interest accrues at a rate of 4.12% per annum with respect to the tax-exempt Series A installment payments (\$1,632,458) and 5.25% per annum with respect to the taxable Series B installment payments (\$3,031,708). Principal and interest are due semi-annually commencing February 1, 2019 and concluding on August 31, 2038.

Events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosure as of February 14, 2019, which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

ATTACHMENT 2
VENTURA PORT DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS MISCELLANEOUS PENSION PLAN

Last Ten Years*

Fiscal year ended	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.02888%	0.02941%	0.03029%	0.03347%
Plan's proportionate share of the net pension liability	\$ 2,863,665	\$ 2,545,114	\$ 2,079,308	\$ 2,082,353
Plan's covered payroll	\$ 1,561,936	\$ 1,562,010	\$ 1,523,114	\$ 1,517,322
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	183.34%	162.94%	136.52%	137.24%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	73.31%	74.06%	78.40%	77.27%
Plan's proportionate share of aggregate employer contributions	\$ 295,311	\$ 267,174	\$ 253,448	\$ 191,421

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

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

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

There were no changes in assumptions

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

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

* Measurement period 2013-14 (fiscal year 2015) was the first year of implementation; therefore, only four years are shown.

ATTACHMENT 2
VENTURA PORT DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS SAFETY PENSION PLAN

Last Ten Years*

Fiscal year ended	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.00760%	0.00738%	0.00956%	0.00797%
Plan's proportionate share of the net pension liability	\$ 753,476	\$ 638,236	\$ 656,331	\$ 495,667
Plan's covered payroll	\$ 657,626	\$ 663,839	\$ 583,371	\$ 583,323
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	114.58%	96.14%	112.51%	84.97%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	73.31%	74.06%	78.40%	83.08%
Plan's proportionate share of aggregate employer contributions	\$ 111,402	\$ 98,956	\$ 91,982	\$ 68,909

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

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

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

There were no changes in assumptions

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

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

* Measurement period 2013-14 (fiscal year 2015) was the first year of implementation; therefore, only four years are shown.

ATTACHMENT 2
VENTURA PORT DISTRICT

SCHEDULE OF PLAN CONTRIBUTIONS
CALPERS MISCELLANEOUS PENSION PLAN

Last Ten Years*

Fiscal year ended	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 339,385	\$ 307,781	\$ 284,888	\$ 251,228
Contributions in relation to the actuarially determined contributions	<u>(339,385)</u>	<u>(307,781)</u>	<u>(284,888)</u>	<u>(251,228)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,694,729	\$ 1,561,936	\$ 1,562,010	\$ 1,523,114
Contributions as a percentage of covered - employee payroll	20.03%	19.71%	18.24%	16.49%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry-age normal cost method**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market value***
Inflation	2.75%**
Salary increases	Varies by age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

* - Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

** - The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017 respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

ATTACHMENT 2
VENTURA PORT DISTRICT

SCHEDULE OF PLAN CONTRIBUTIONS
CALPERS SAFETY PENSION PLAN

Last Ten Years*

Fiscal year ended	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 106,348	\$ 98,629	\$ 97,035	\$ 74,952
Contributions in relation to the actuarially determined contributions	<u>(106,348)</u>	<u>(98,629)</u>	<u>(97,035)</u>	<u>(74,952)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 655,094	\$ 657,626	\$ 663,839	\$ 583,371
Contributions as a percentage of covered - employee payroll	16.23%	15.00%	14.62%	12.85%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry age normal cost method**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market value***
Inflation	2.75%**
Salary increases	Varies by age, service, and type, of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

* - Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

** - The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017 respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

ATTACHMENT 2
VENTURA PORT DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	<u>6/30/2018</u>
Measurement date	<u>6/30/2017</u>
Total OPEB Liability:	
Service cost	\$ 61,824
Interest on total OPEB liability	32,642
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(14,832)</u>
Net Change in Total OPEB Liability	79,634
Total OPEB Liability - Beginning of Year	<u>1,050,230</u>
Total OPEB Liability - End of Year (a)	<u>1,129,864</u>
Plan Fiduciary Net Position:	
Contributions - employer	14,832
Net investment income	-
Administrative expenses	-
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(14,832)</u>
Net Change in Plan Fiduciary Net Position	-
Plan Fiduciary Net Position - Beginning of Year	<u>-</u>
Plan Fiduciary Net Position - End of Year (b)	<u>-</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 1,129,864</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered - employee payroll	\$ 2,196,212
Net OPEB liability as percentage of covered - employee payroll	51.45%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The fiscal year ended June 30, 2018 is the first year of implementation; therefore, there are no previous GASB 75 actuarial reports for comparison.

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

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*

The Board of Port Commissioners
of the Ventura Port District
Ventura, 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 basic financial statements of the Ventura Port District (the District) as of and for the year ended June 30, 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 determination of financial statement amounts. 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.

White Nelson Dick Evans LLP

Irvine, California

February 14, 2019