



BOARD OF PORT COMMISSIONERS MEETING JUNE 16, 2021

Ventura Harbor
HOME OF THE CHANNEL ISLANDS NATIONAL PARK

- Call to Order
- Roll Call

CLOSED SESSION AGENDA

**PUBLIC COMMUNICATION
CLOSED SESSION AGENDA
ITEMS ON TODAY'S AGENDA**

00 : 03 : 00

- Call to Order
- Pledge of Allegiance
- Roll Call

ADMIN AGENDA

ADMIN AGENDA

**Adoption of the
June 16, 2021 Agenda**

**Approval of the Minutes of
the May 19, 2021
Regular Meeting**

**PUBLIC COMMUNICATION
ADMIN AGENDA
ITEMS NOT ON TODAY'S AGENDA**

00 : 03 : 00

- Closed Session Report
- Board Communications
- Staff and General Manager Reports
- Legal Counsel Report

ADMIN AGENDA

CONSENT AGENDA

- A) Approval of New Retail Lease Agreement with Gaye Clanton & Tracy Lanquist DBA Ventura Swimwear
- B) Approval of New Retail Lease Agreement with Ventura County Potters' Guild DBA Ventura Pottery Galley
- C) Approval of New Sublease with Katherine Sparks-Jones DBA Ventura Harbor Fisherman's Storage
- D) Approval of New Restaurant Lease Agreement with John, Gillian, and Tom Conway DBA Deep Sea by Conway Family Wines
- E) Award of Bid to JTEC Corporation, Inc. for the 1575 Spinnaker Drive Trash Enclosure Project
- F) Award of Bid to JTEC Corporation, Inc. for the ADA Access Improvements Project with Six Additive Alternates
- G) Approval of Portside Partners Loan Extension

PUBLIC COMMUNICATION CONSENT AGENDA

00 : 03 : 00

**Consideration of Adoption of Ordinance No.
55, Authorizing Execution of a New Office
Lease Agreement with Options for Andria's
Seafood Specialties DBA Andria's Seafood
Restaurant**

RECOMMENDATION

- a) Conduct a public hearing for the purpose of receiving input on proposed Ordinance No. 55;
- b) Waive reading and direct Clerk to place Ordinance No. 55 in the record of this meeting; and
- c) Adopt Ordinance No. 55, which authorizes execution of a new five (5) year Office Lease Agreement with three (3) five (5) year options (for a total of 20-years) between the Ventura Port District DBA Ventura Harbor Village and Andria's Seafood Specialties dba Andria's Seafood Restaurant.

**STANDARD
AGENDA
ITEM
1**

**Report by Brian D. Pendleton,
General Manager**

PUBLIC COMMUNICATION STANDARD AGENDA ITEM 1

00 : 03 : 00

STANDARD AGENDA ITEM 2


Report by:

Todd Mitchell, Business Operations Manager

Approval of FY2021-2022 Harbor Village Leasing Strategy and Action Plan

RECOMMENDATION

That the Board of Port Commissioners approve the FY2021-2022 Harbor Village Leasing Strategy and Action Plan.



Ventura Port District Harbor Village - Leasing Strategy & Action Plan FY 2021-2022

Outline

- ▶ Port District Goals & Objectives
- ▶ How We Support Tenant Success
- ▶ Where We've Been and Where We're Going
- ▶ Leasing Goals (Overview & Details)

District Goals & 5-Year Objectives

LONG-TERM GOALS:

Goal 3: Economic Vitality

- ▶ Increase economic development, vitality, and diversity of the District through effective leasing and marketing strategies.

5-YEAR OBJECTIVES

Objective V: Harbor Village

- ▶ Maintain and improve Harbor Village infrastructure and enhance the overall visitor experience:
- ▶ #2: Leasing/Property Management Action Plan

How We Support Tenant Success

- Provide access to business analysis/mentorship/coaching resources (i.e. EDC-VC)
- Co-Network with tenants, upon researching resources/advertising that has a strong return of investment (ROI)
- Provide tenants with resources on small business assistance programs (i.e. EDC-VC, WEV, Chamber of Commerce, Score, etc.)
- Provide general information and regulatory contact information regarding entitlement and permitting process for tenants.
- Provide coordination assistance with City, County and State regulatory agencies to ensure timely delivery of tenant space and permits.
- Provide general assistance with prospective and current tenants regarding:
 - Business planning
 - Sales strategies
 - Marketing
 - Promotional opportunities.

Where We've Been... (COVID-19)

In FY19-20, the District needed to take special consideration for COVID-19 impacts to businesses. Those considerations included special activities to tenant businesses which have proved largely successful:

- ▶ Implemented the Port District COVID-19 Rental Abatement and Deferment Program.
- ▶ Provided regular economic stimulus resource information to tenant businesses.
- ▶ Provided timely updates on changes to government orders to tenant businesses.
- ▶ Relaxed minimum hours of operations for 15 months.
- ▶ Work with several restaurant tenants to assist with modifying the use of outdoor space to increase seating.

...Where We're Going (Post COVID-19)

With the COVID Pandemic seemingly behind us, District will work with tenants and prospective tenants on Post-COVID objectives:

- ▶ Resume normal operating hours as of June 15, 2021.
- ▶ Remove all temporary signage in compliance with District Sign Program, and provide education/consultation with the District's architect for new signage compliant with the program.
- ▶ Revert expanded outdoor dining areas back to pre-pandemic setups and/or facilitate entitlement of permanent changes.
- ▶ Ensure deferred rent repayment is timely per the COVID-19 Rental Abatement & Deferment Program.

FY21-22 LEASING GOALS

Create a strong foundation of successful leasing by:

1. Maintaining high rate of retention for successful harbor village tenants.
2. Attract new and innovative tenants to enhance the Harbor as a destination experience.
3. Achieving market lease rates consistent with city/regional averages in each leasing category and Harbor Village as a whole.
4. Continue to standardize leases and lease provisions for new and renewing tenants
5. Implement new City-Approved VHV Master Sign Program in all new and renewed leases.
6. Secure lease(s) for 1567 Spinnaker Suite #100

Goal 1: High Rate of Retention/Lease Renewals

- **Continued Focus on Leasing Retention:**
 - Internal evaluation of the cost savings to District of retaining successful tenants (versus attrition/remodel/etc.)
 - Working to ensure tenant retention contributes to Village success as a destination
 - Continuing to balance District need to increase our rent rate commiserate with our growing costs/CPI
- **Continued Focus on Longer-Term Leases:**
 - Work to reduce turnover and tenant improvement costs while increasing business certainty through negotiating longer leases
 - Provide successful retail and restaurants leases >5 years with options that include performance markers as a quantitative measure of success (“customers vote with their wallets”)
 - Retail Average Sales/Square Foot: \$235 (4-year average)
 - Restaurant Average Sales/Square Foot: \$533 (4-year average)
- **Tenant Participation in Modernization:**
 - Continue to include requirements for tenant participation in suite modernization with new leases

Goal 2: New Tenants

- **Leasing Packet:**
 - Revise and update leasing packets for retail, restaurant, and offices
 - Communicate our value to tenant success
- **Leasing Agents:**
 - Develop policies for working with tenant agents/agencies
 - Develop open listing relationships with leasing brokers
- **Leasing Evaluations:**
 - Continue to refine prospective tenant evaluation criteria
 - Continue to implement third-party participation in leasing prospect interviews
- **Leasing Updates:**
 - Continue to provide monthly updates to the Board and public via staff reports

Goal 2 (Continued): Advertising

- At the start of FY21-22, there are no vacancies at Harbor Village and a list of possible office, retail and restaurant prospects in the event of a vacancy.
- During FY21-22, additional advertisements will be conducted as needed to minimize vacancies.
- Leasing advertisement will involve collaboration with Marketing Department, Visit Ventura, and Chamber of Commerce to identify opportunities for maximizing diversity of businesses coming to Harbor Village.
- The Port District generally utilizes the following marketing methods for advertising availability:
 - **Web Site:** Include the leasing packet on the Ventura Port District and Ventura Harbor Village websites to generate interest in the available spaces. Implement search engine optimization that contains a number of features including: space information, VPD company profile, location, photo gallery.
 - **Real Estate web-based Advertisements:** LoopNet / CoStar
 - **E-mail Marketing:** Email promotional blasts for download via VPD email, LoopNet and/or Co-Star systems to Prospective Tenants.
 - **Social Networking:** Coordinate with Marketing Department to create pages and profiles on the social networking sites: Facebook, Instagram, and Twitter.
 - **Outdoor Marketing:** Physical placement of signs for maximum visibility to both foot and vehicle traffic. These signs will notify potential tenants of Ventura Port District's available spaces.

Goal 3: Achieve Market Lease Rates

- Through a combination of high occupancy and attraction of vibrant tenants, achieve market lease rental rates and meet or exceed city/regional occupancy rates for each leasing category.
- Data-driven:
 - Obtain monthly, quarterly and annual data from the following organizations and sources as well as others as applicable:
 - Skyfii Traffic Counting System (installed and running)
 - Harbor Village Rent Roll
 - Harbor Village Sales Report
 - Collect City and regional rental occupancy and remuneration rates (Co-Star)
 - Bureau of Labor Statistics, Consumer Price Index
 - Maintain a list of interested tenants
 - Develop and maintain a contact database of real estate leasing professionals

Goal 4: Standardize Leases

- ▶ Continue to implement greater uniformity for leases and lease provisions
 - Examples:
 - Security deposits
 - Fees per square foot
 - Percentage rent clauses
 - Etc.

Goal 5: VHV Master Sign Program

- ▶ Implement the City Design Review Committee approved Ventura Harbor Village Master Sign and Awning Program.
- ▶ Complete procurement/installation of new Wayfinding Signs in Village
- ▶ Include replacement of awnings in new/renewed leases
- ▶ Host architect-led workshop(s) for tenants on new Master Sign Program
- ▶ Provide and fund architect review and approval of all new Village Tenant signage



Goal 6: Lease(s) for 1567 Spinnaker Suite #100

- Execute construction of City DRC-approved building renovations
- Secure lease(s)



PUBLIC COMMUNICATION STANDARD AGENDA ITEM 2

00 : 03 : 00

**Approval of FY2021-2022 Ventura Harbor
Village Recovery and Visitation Plan**

RECOMMENDATION

That the Board of Port Commissioners approve the FY2021 – 2022 Ventura Harbor Village Recovery and Visitation Plan.

**STANDARD
AGENDA
ITEM
3**

**Report by Jennifer Talt-Lundin,
Marketing Manager**

Recovery & VISITOR
ATTRACTION PLAN INPUT

VENTURA HARBOR VILLAGE MARKETING

Let's Dive In!



RESEARCH, FEEDBACK, & DATA COLLECTION

The road to get here...



DIGITAL VISITOR SURVEY 2021
(2,570 PUBLIC RESPONSES)



VILLAGE TENANT SURVEY 2021
(23 BUSINESS RESPONSES)



TENANT E-NEWSLETTER
SHARED PRELIMINARY DATA & PLAN



CUSTOMER ENGAGEMENT & ATTENDANCE



REVIEW OF 2020 VILLAGE TENANT & VISITOR SURVEY DATA (AS PANDEMIC PAUSED MUCH OF THE PROGRAMMING)



WEBINARS & MEETINGS
ATTENDANCE FOR REOPENING DATA & CONSUMER TRENDS



VILLAGE TENANT INPUT MEET UP 2021



ANALYTICS / MONTHLY METRICS



“Communicating consistently and clearly with residents and visitors is the most effective way to manage expectations and preserve the special California experience.”

- Caroline Beteta, Visit California CEO

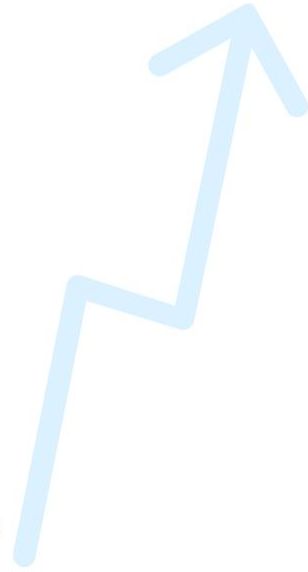


Good News!

VPD continually marketed the Village & Businesses during the pandemic to gain market share & keep top of mind!

IN FACT, WE INCREASED:

- Localized Ad Opportunities and Business Promotions
- Enewsletters & Eblasts Weekly
- Social Media Ad & Boost Spend
- Video & Influencer Content
- Virtual Entertainment
- Virtually Connect Campaign
- Social Media Contesting
- Blog Posts & Seasonal Campaigns
- Adapted Social Distanced Holiday Opportunities & Visitor Experiences



Past Year's Key Messaging:

DINING TAKEOUT

TAKEOUT TUESDAYS

VIRTUALLY CONNECT

GIFT CARD CHALLENGE

THANK YOU FIRST RESPONDERS

SEASIDE SAFELY

SEASIDE TAKEOUT ZONE

WE'RE OPEN - CONNECT SEASIDE

IN GRATITUDE

**STAY CALM & COZY AT HOME
WITH HARBOR SHOPS ONLINE**

LIVE MUSIC STREAMING SERIES

SEA WHO'S OPEN AT VENTURA HARBOR

An aerial photograph of Ventura Harbor, California, showing a vast number of sailboats and yachts moored in the water. The harbor is surrounded by a low-lying coastal town with buildings and palm trees visible in the distance. The sky is clear and blue, and the water reflects the sunlight, creating a shimmering effect. The text "VISIT VENTURA HARBOR" is overlaid in the center of the image.

VISIT VENTURA HARBOR

VILLAGE TENANT PERSPECTIVE IN 2021

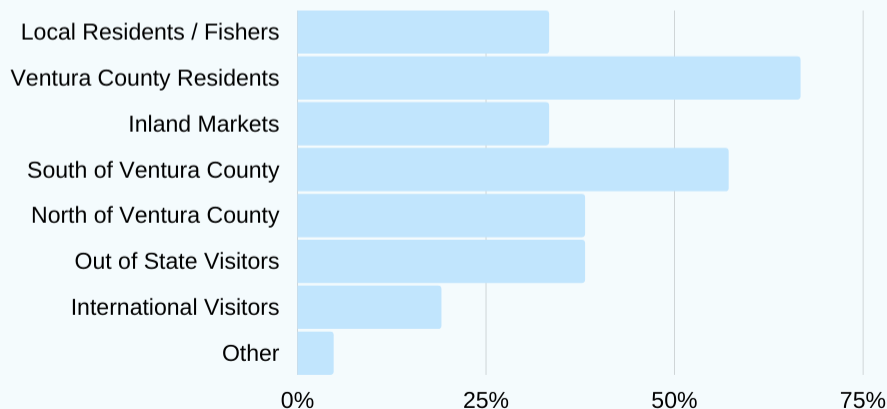


VILLAGE PARTNER FEEDBACK IN 2021

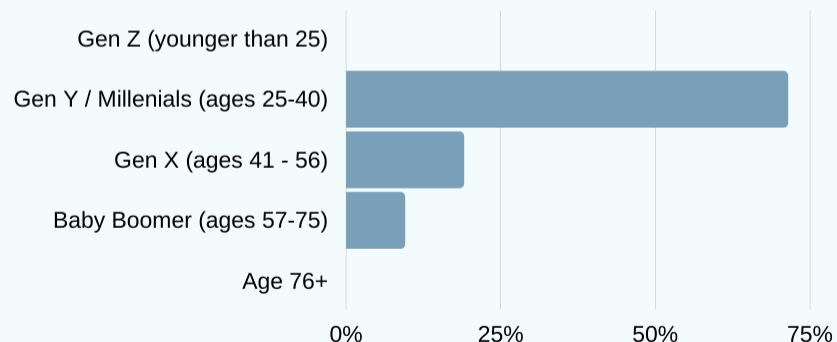
Tenant Survey Results

NOTE: 23 VILLAGE BUSINESS RESPONSES RECEIVED

*****Q3 - AS MORE REOPENS AND TRAVEL RETURNS, WHICH AREAS DO YOU HOPE TO GAIN AS TOP MARKETS IN THE FISCAL YEAR AHEAD (PLEASE SELECT 3).**



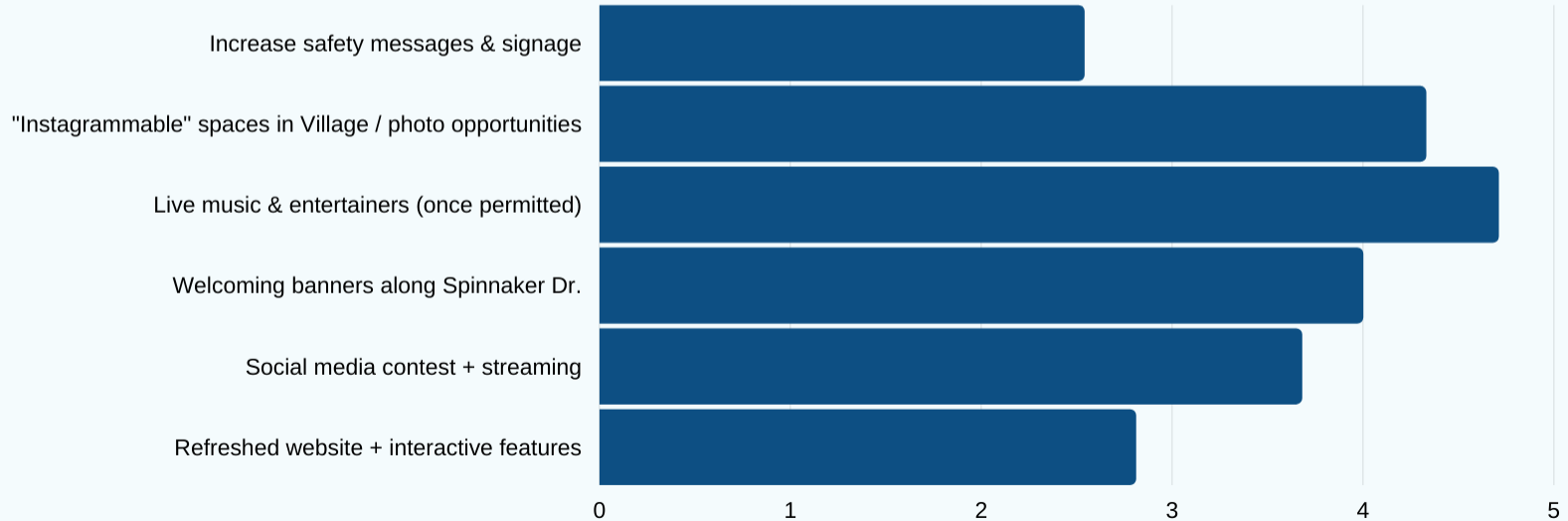
*****Q4 - WHICH OF THE FOLLOWING AGE GROUP DO YOU CONSIDER KEY FOR YOUR BUSINESS?**



VILLAGE PARTNER FEEDBACK IN 2021

Tenant Survey Results

*****Q7 - IN THE 2021-2022 VENTURA HARBOR VILLAGE RECOVERY & VISITOR ATTRACTION PLAN, WHAT ARE THE TOP TWO PRIORITIES THAT YOU FEEL WOULD ENHANCE THE VISITOR EXPERIENCE:**



VILLAGE PARTNER FEEDBACK IN 2021

Tenant Survey Results So Far

*****Q12 - AS VISIT CALIFORNIA (THE MARKETING ARM OF THE STATE) LAUNCHES NEW CAMPAIGNS TO PROMOTE RECOVERY TRAVEL & SPENDING IN CALIFORNIA, DO YOU FEEL VENTURA HARBOR'S EFFORTS TO CROSS PROMOTE WOULD BENEFIT YOUR BUSINESS?**

Yes, in-state travelers are a key market for my business

No , not at this time

0%

25%

50%

75%

100%



VISITOR PERSPECTIVE IN 2021

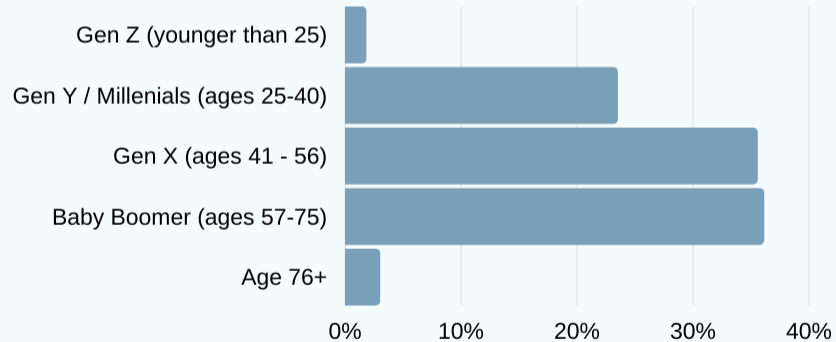


VISITOR PERSPECTIVE IN 2021

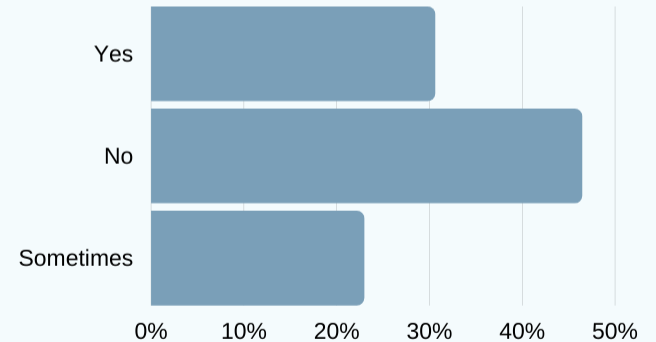
Public Survey Results

NOTE: 2,570 PUBLIC RESPONSES RECEIVED TO DATE

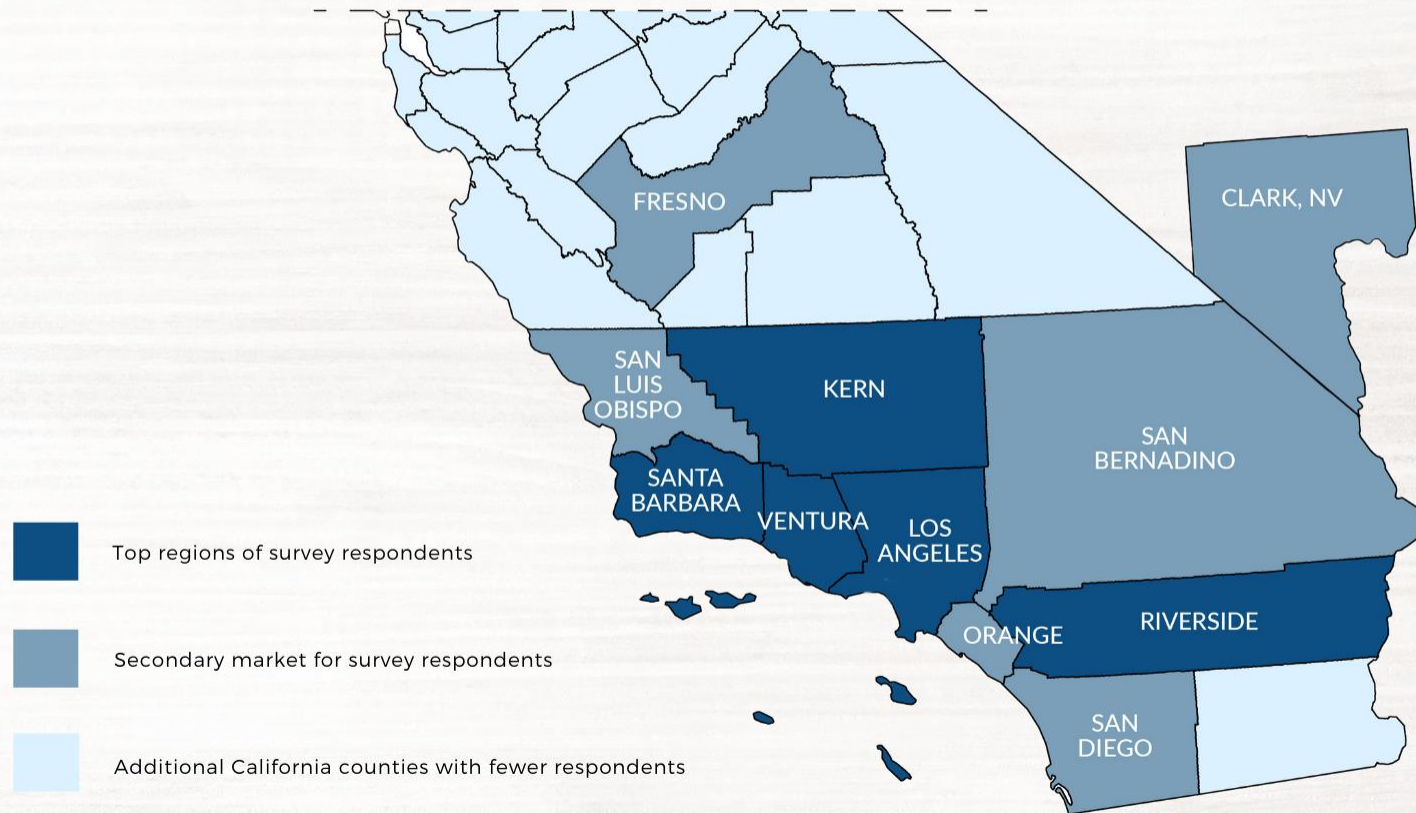
***Q3 - WHAT IS YOUR AGE BRACKET?



***Q4 - DO YOU TYPICALLY TRAVEL WITH CHILDREN OR GRANDCHILDREN?



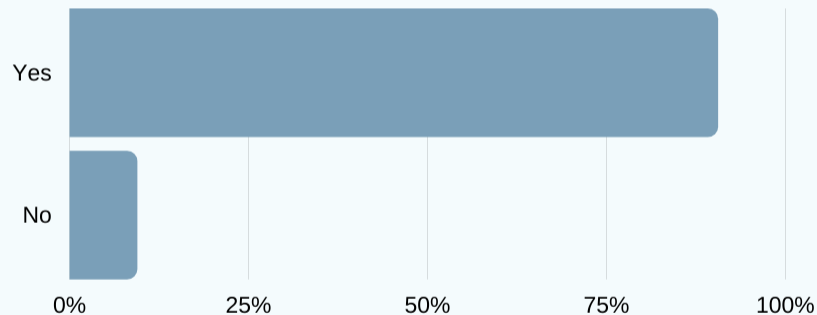
PUBLIC SURVEY RESPONDENTS - KEY MARKETS



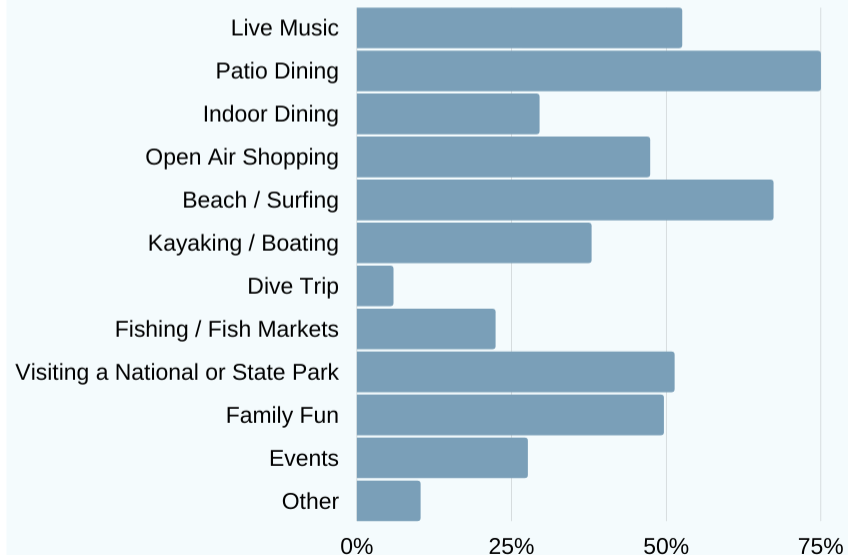
VISITOR PERSPECTIVE IN 2021

Public Survey Results

*****Q6 - ARE YOU PLANNING A ROAD TRIP OR VISIT TO THE COAST/BEACH THIS YEAR?**



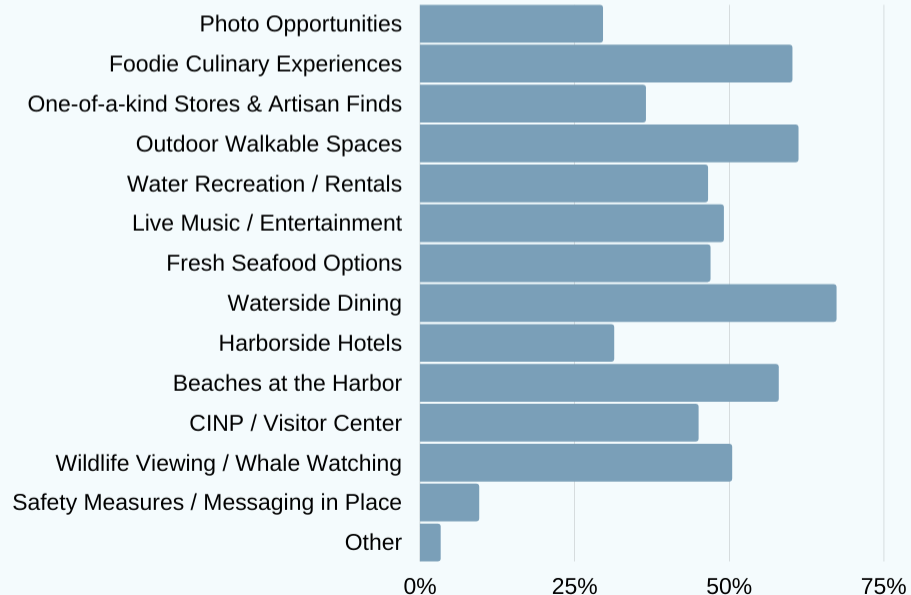
*****Q7 - WHAT COASTAL ACTIVITIES ARE YOU LOOKING FORWARD TO PARTAKE IN THIS YEAR?**



VISITOR PERSPECTIVE IN 2021

Public Survey Results

*****Q10 - WHICH OF THE OPTIONS BELOW WOULD INSPIRE YOU TO VISIT VENTURA HARBOR & VENTURA HARBOR VILLAGE IN THE NEAR FUTURE?**



VISITOR PERSPECTIVE FROM 2020

Words visitors used to describe the harbor and how it makes them feel...



Public Survey Results

A word cloud of vacation-related terms in various shades of blue, set against a background of a beach with waves and a sun. The words are arranged in a circular pattern, with 'Sunshine' and 'Beautiful' being the largest. Other prominent words include 'Sun', 'Relaxing', 'Peaceful', 'Breathtaking', 'Fun', 'Stunning', 'Chill', 'Family', 'Glorious', 'Refreshing', 'Surf', 'Paradise', 'Bliss', 'Cool', 'Heaven', 'Amazing', 'Exciting', 'Invigorating', 'Nature', 'Dream', 'Love', 'Sand', 'Blessed', 'Swim', 'Drink', 'Scenic', 'Living', 'Adventure', 'Vacation', 'Earth', 'Majestic', 'Serene', 'Happy', 'Wonderful', 'Calming', 'Tranquil', and 'Ventura'.

DEMAND DRIVERS IN 2021

75%



Patio Dining

67%



Time at the Beach

53%



Live Music & Entertainment

51%



Visiting a National or State Park

50%



Family Fun

47%



Open Air Shopping

38%



On the Water Activities

30%



Indoor Dining



TRAVEL RECOVERY DATA

Recent research shows:



CENTRAL COAST TOURISM:

When travelers were asked, "Where are you going on your next trip?" Beach destinations ranked highest at 38.4% and urban destinations ranked third at 22.7%



NATIONAL PUBLIC RADIO:

Travel experts report searches are skewing 40% higher for beach travel and outdoor destinations.



VISIT CALIFORNIA:

Key drivers for travel as of May 2021:

- "Liberation & Excitement"
- "Live in the Moment"
- "YOLO – You Only Live Once"



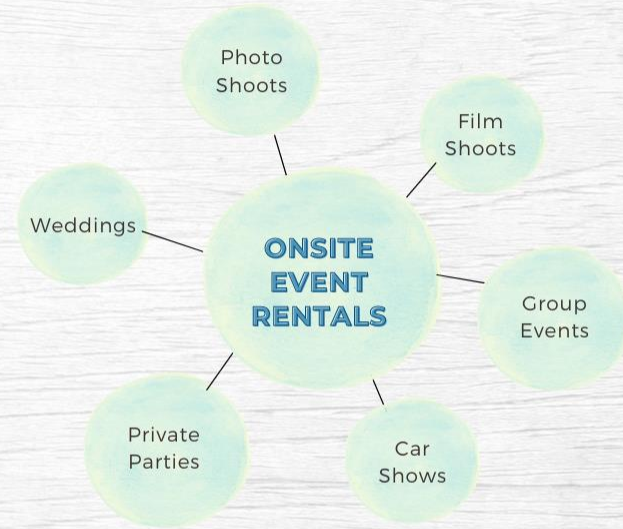
HARBOR-WIDE SEASIDE BRAND



Brand Awareness Via:

- Redesign VenturaHarbor.com
- Welcoming Banners in Harbor (TBD)
- Ventura Harbor Signature Events
- Promote Coastal Lifestyle & Walkable Harbor
- Ventura Harbor Beaches & Lifeguard Services
- Feature Dive / Fish / Boat Experiences
- Commercial Fishing / Fish Markets
- Boat Storage / Public Launch Ramp
- Harbor Dredging / Harbor Capital Improvements
- Ventura Harbor Hotel Stays / Tourism

VENTURA HARBOR VILLAGE - VISITOR EXPERIENCE STRATEGY

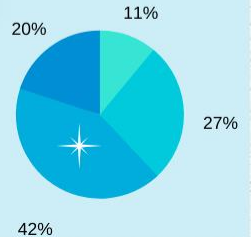


Measurables

Customer Surveys | Event Tenant
Feedback Surveys | Engagement
on Social Media @VenturaHarbor |
Generated Fee Revenues |
Traffic/Pedestrian Counts |
Audience Attendance

Budget

VISITOR
EXPERIENCE
+/- 42%



VENTURA HARBOR VILLAGE - SCHEDULE OF EVENTS





erry Chocolate Bar

olat Bar
berries
anberries

VENTURA HARBOR VILLAGE - PAID MEDIA STRATEGY



VENTURA HARBOR VILLAGE - SEASONAL CAMPAIGNS

July / Aug / Sept

HAPPINESS COMES IN WAVES

California Roadtrips
Live Music Seaside
805 Day (Cumulus collaboration)
Labor Day Weekend
California Surfing Day
California's Second Summer



Oct / Nov / Dec

SEASON'S GREETINGS

National Seafood Month
Seaside Skeletons
Small Business Saturday
Veteran's Day Weekend
Thanksgiving Weekend
Holiday Décor & Holiday Shopping



Jan / Feb / March

WARM YOURSELF SEASIDE

National Clam Chowder Day
President's Weekend
Valentine's Day
Martin Luther King Jr. Weekend
March is Mermaid Month



April / May / June

SPRING BREAK SEASIDE

Easter Week/Golden Egg Hunt
Mother's Day Weekend
Father's Day Weekend
Memorial Weekend
Ready, Set, Seaside



VENTURA HARBOR VILLAGE - SOCIAL MEDIA & CONTENT DEVELOPMENT STRATEGY

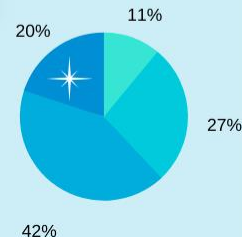


Measurables

Impressions | Engagements |
Post Link Clicks | Social
Media Analytic Tools | Online
Audience Growth / Followers

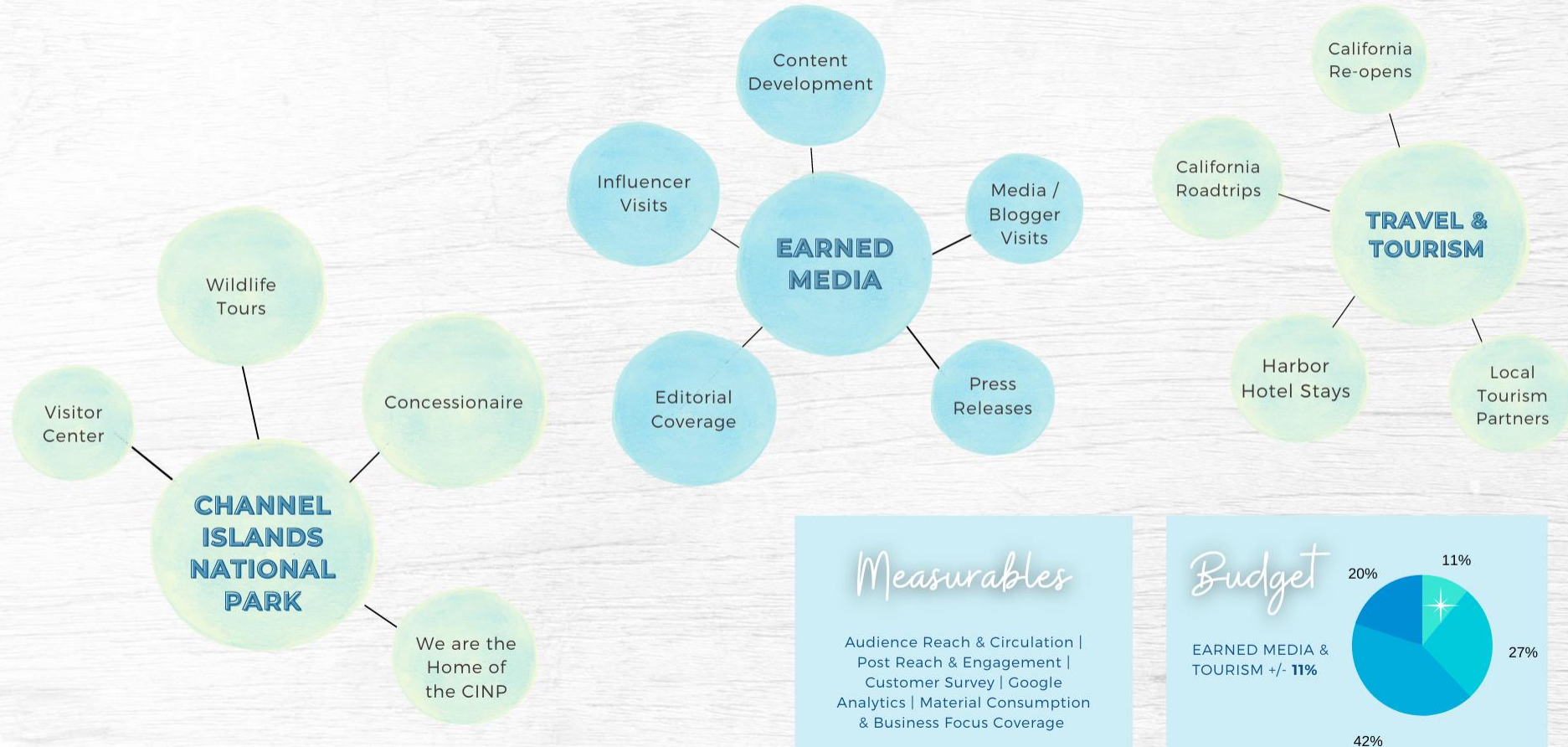
Budget

SOCIAL MEDIA &
CONTENT +/- 20%





VENTURA HARBOR VILLAGE - EARNED MEDIA & TOURISM STRATEGY





This Summer!

Here's what is next...

Programming/messaging will highlight:

- "Happiness Comes in Waves" Summer Campaign
- "Be Entertained Seaside" Video Content
- Revamping Venturaharbor.com
- Ventura Harbor Placemaking Sign on Promenade
- Friday Nite Seaside DJ - "Millennial Market"
- Return of Weekend Live Music
- Wayfinding Signage
- Road Trip Attraction with a Photo Op & Cali Products

& more



A look ahead...

As we continue to collect data & info from visitors, businesses, tourism partners, and State & County guidelines, the plan remains flexible.

Amplifying Key Messages:

- Alfresco Dining / Patios
- Open Air Shopping Center
- Outdoor Activities & Safe Indoor Options
- Road Trip to the Harbor
- Relaxation / Happy Times Spent with Family & Friends
- Sustainable Practices
- Destination Placemaking
- Holidays at the Harbor



Thank you

PUBLIC COMMUNICATION STANDARD AGENDA ITEM 3

00 : 03 : 00

STANDARD AGENDA ITEM 4

Report by:

Brian D. Pendleton, General Manager

Todd Mitchell, Business Operations Manager

Gloria Adkins, Accounting Manager

Adoption of Resolution No. 3417 and No. 3418, Approving the FY2021-2022 Preliminary Budget, Five-Year Capital Improvement Plan and Salary Schedule for Non-Represented Employees

RECOMMENDATION

That the Board of Port Commissioners adopt:

- a) Resolution No. 3417, approving the FY2021–2022 Ventura Port District Preliminary Budget and Five-Year Capital Improvement Plan; and,
- b) Resolution No. 3418, approving the FY2021–2022 Salary Schedule for Non-Represented Employees of the District.



Ventura Harbor
HOME OF THE CHANNEL ISLANDS NATIONAL PARK

FY21-22 Preliminary Budget

Board of Commissioners Meeting

June 16, 2021



Ventura Harbor
HOME OF THE CHANNEL ISLANDS NATIONAL PARK

Recommendation

That the Board of Port Commissioners adopt:

- a) Resolution No. 3417, approving the FY2021–2022 Ventura Port District Preliminary Budget and Five-Year Capital Improvement Plan (CIP); and,
- b) Resolution No. 3418, approving the FY2021-2022 Salary Schedule for Non-Represented Employees of the District.



Operating Revenues (Budgeted vs. Forecast)

Fiscal Year	Actual/Budget	Revenues	% +/-
FY17-18*	Actual	\$8,514,086	<7%>
FY18-19	Actual	\$8,969,830	5%
FY19-20**	Actual	\$8,413,254	<6%>
FY20-21***	Mid-year Budget	\$8,492,750	1%
FY21-22****	Forecast	\$9,344,000	10%

- * FY17-18 actual revenues were down 7% due to a one-time lease commencement fee paid by Portside Partners in the amount of \$1,200,000 in FY16-17.
- ** FY19-20 actual revenues were down 6% due to the beginning effects of COVID, a reduction in investment interest earnings and the partial closure of Village Marina slips during the dock renovation.
- *** Current year mid-year budget.
- **** FY21-22 preliminary forecast
(Operating Revenue does not include property taxes)



Operating Expenses (Budgeted vs. Forecast)

Fiscal Year	Actual/Budget	Expenses	% +/-
FY17-18	Actual	\$5,788,472	18%
FY18-19	Actual	\$6,214,715	7%
FY19-20	Actual	\$6,306,806	1%
FY20-21*	Mid-year Budget	\$6,481,750	3%
FY21-22**	Forecast	\$6,529,700	1%

* Current year mid-year budget.

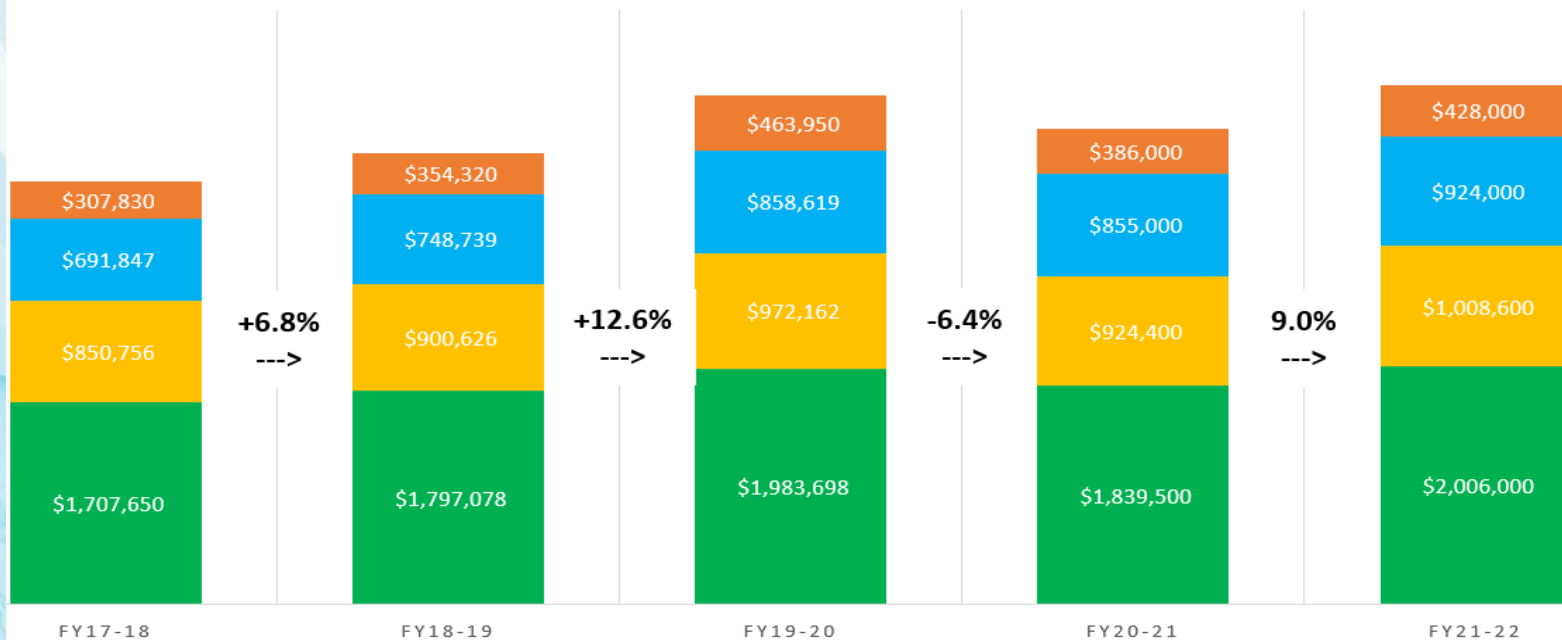
** FY21-22 preliminary forecast.



Salary & Benefits Comparison

VPD SALARY FOUR YEAR HISTORY AND FORECAST FOR NEXT FISCAL YEAR

■ Salary-General ■ Benefit-General ■ Salary-Patrol ■ Benefits-Patrol

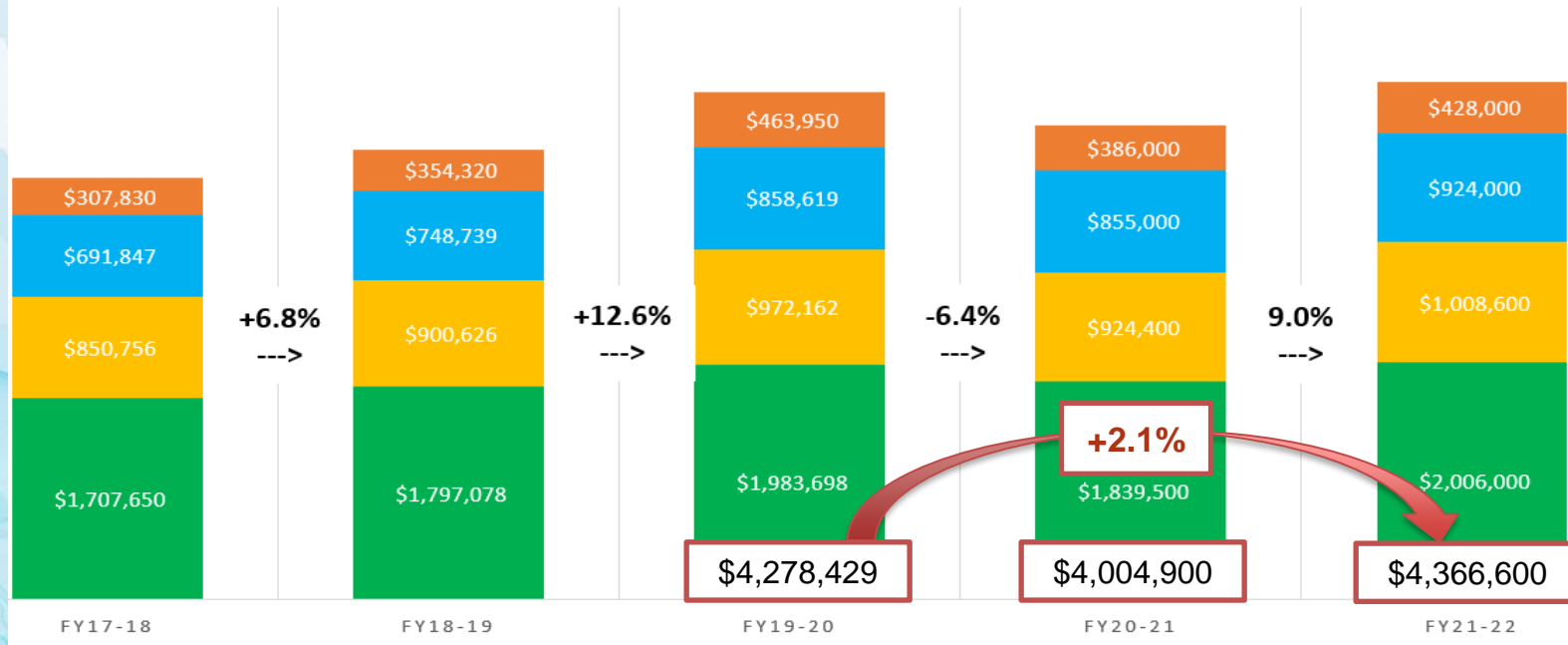




Salary & Benefits Comparison

VPD SALARY FOUR YEAR HISTORY AND FORECAST FOR NEXT FISCAL YEAR

■ Salary-General ■ Benefit-General ■ Salary-Patrol ■ Benefits-Patrol





Ventura Harbor

HOME OF THE CHANNEL ISLANDS NATIONAL PARK

CalPERS Actuarial Presentation

Mary Elizabeth Redding, Vice President

Bianca Lin, Assistant Vice President

Wai Man Yam, Actuarial Analyst

Bartel Associates, LLC



BARTHEL
ASSOCIATES, LLC

VENTURA PORT DISTRICT MISCELLANEOUS AND SAFETY PLANS

CalPERS Actuarial Issues – 6/30/19 Valuation

Mary Elizabeth Redding, Vice President

Bianca Lin, Assistant Vice President

Wai Man Yam, Actuarial Analyst

Bartel Associates, LLC

June 16, 2021

Agenda

How We Got Here

Miscellaneous Plan

Safety Plan

Combined Miscellaneous and Safety

Paying Down the Unfunded Liability

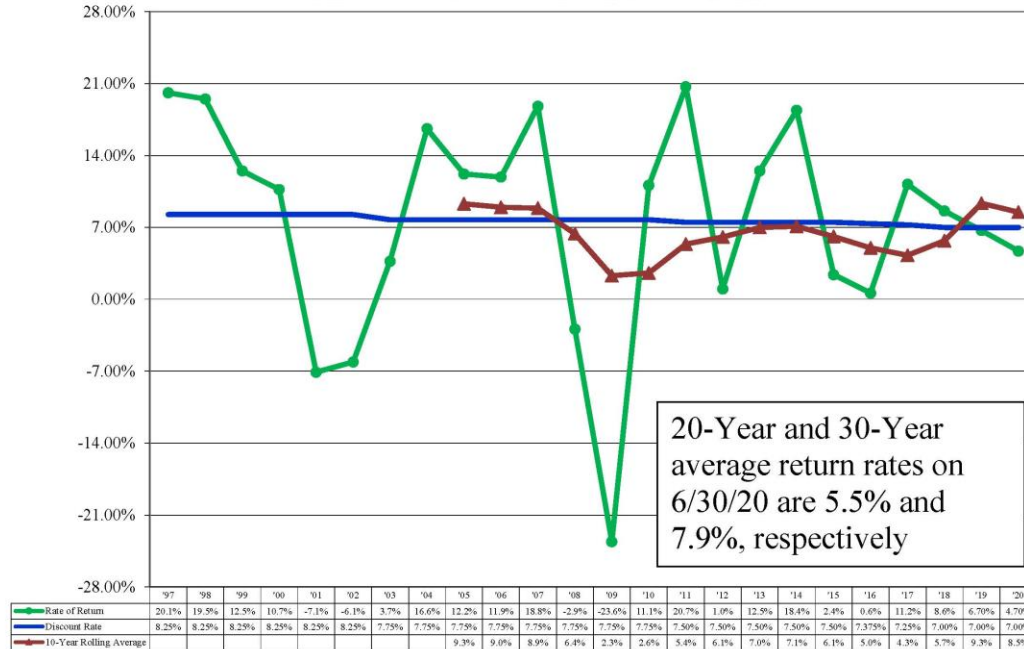


HOW WE GOT HERE

- Investment Losses
- CalPERS Contribution Policy
- Enhanced Benefits
- Demographics

HOW WE GOT HERE – INVESTMENT RETURN

Annual Return on Market Value of Assets



Returns (after 2001) shown are gross returns, unreduced for administrative expenses, from CalPERS valuation reports, when available. The discount rate is based on expected returns net of administrative expenses.



June 16, 2021



HOW WE GOT HERE – OLD CONTRIBUTION POLICY

- Effective with 2003 valuations:
 - Slow (15 year) recognition of investment losses into funded status
 - Rolling 30 year amortization of all (primarily investment) losses

- Designed to:
 - First smooth rates and
 - Second pay off UAL

- Mitigated contribution volatility

HOW WE GOT HERE – ENHANCED BENEFITS

- At CalPERS, Enhanced Benefits implemented using all (future & prior) service
- Typically not negotiated with cost sharing
- **For Ventura Port District, formulas are not Enhanced**
 - Agencies without enhanced formulas generally have better funded ratios and lower contribution rates

	Tier 1	PEPRA
● Miscellaneous	2%@55 FAE1	2%@62 FAE3
● Safety	2%@55 FAE1	2.7%@57 FAE3

- ☐ FAE1 is highest one year (typically final) average earnings
 - ☐ FAE3 is highest three years (typically final three) average earnings
- PEPRA tier implemented for new employees hired after 1/1/13
 - Employee pays half of total normal cost
 - 2021 Compensation limit
 - ☐ Social Security participants: \$128,059
 - ☐ Non-Social Security participants: \$153,671

HOW WE GOT HERE – DEMOGRAPHIC

- Around the State
 - Large retiree liability compared to actives
 - State average: 56% for Miscellaneous, 65% for Safety
 - Declining active population and increasing number of retirees
 - Higher percentage of retiree liability increases contribution volatility

- Ventura Port District percentage of liability belonging to retirees:
 - Miscellaneous 51%
 - Safety 35%

CALPERS CHANGES

- Recent contribution policy changes:
 - No asset smoothing
 - No rolling amortization
 - 5-year ramp up
- February 2018: CalPERS adopted new amortization policy
 - Applies only to newly established amortization bases
 - Fixed dollar amortization rather than % pay
 - Amortize gains/losses over 20 rather than 30 years
 - 5-year ramp up (not down) for investment gains and losses
 - No ramp up/down for other amortization bases
 - Minimizes total interest paid over time and pays off UAL faster
 - Effective June 30, 2019 valuation for 2021/22 contributions
- CalPERS Board changed the discount rate:

	<u>Rate</u>	<u>Initial Impact</u>	<u>Full Impact</u>
● 6/30/16 valuation	7.375%	18/19	22/23
● 6/30/17 valuation	7.25%	19/20	23/24
● 6/30/18 valuation	7.00%	20/21	24/25

CALPERS CHANGES

- Risk Mitigation Strategy
 - Move to more conservative investments over time to reduce volatility
 - Only when investment return is better than expected
 - Lower discount rate in concert
 - Essentially use $\approx 50\%$ of investment gains to pay for cost increases
 - Likely get to 6.0% discount rate over 20+ years
 - Risk mitigation suspended from 6/30/16 to 6/30/18 valuation
 - Did not trigger for 6/30/19 valuation

DEMOGRAPHIC INFORMATION - MISCELLANEOUS

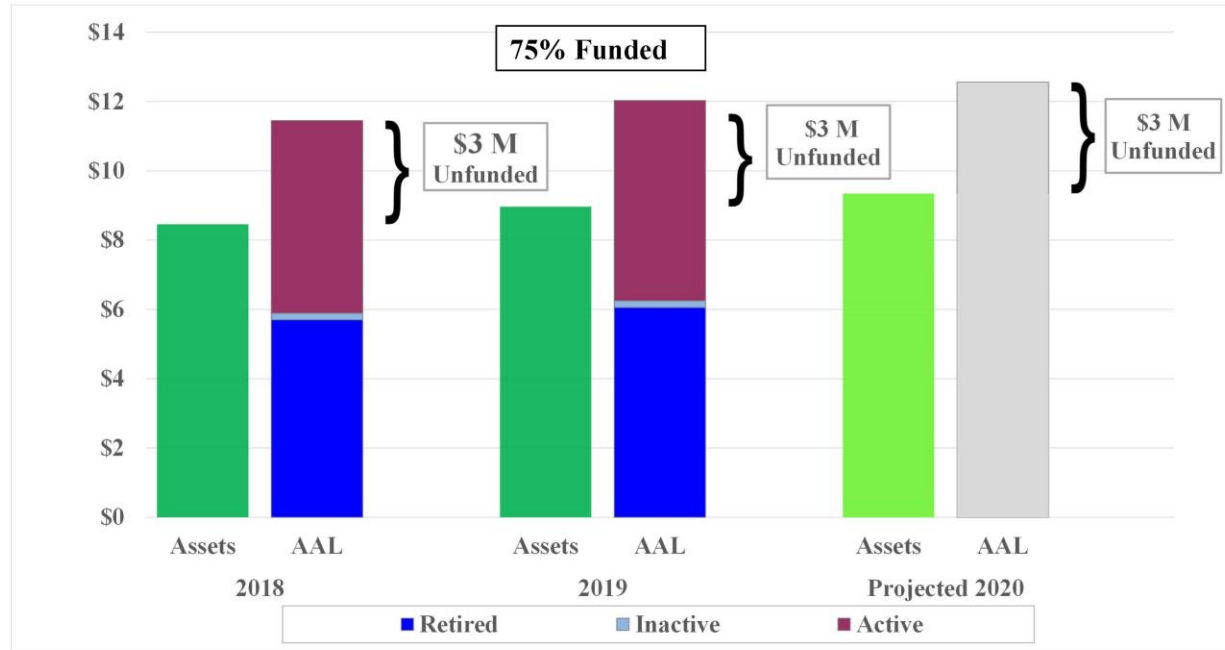
	2012	2015	2018	2019
Actives				
■ Counts	25	27	27	30
■ Average PERSable Wages	\$ 54,900	\$ 55,700	\$ 59,300	\$ 57,000
■ Total PERSable Wages	1,400,000	1,500,000	1,600,000	1,700,000
Inactive Members				
■ Counts				
• Transferred	3	1	1	3
• Separated	12	12	13	13
• Retired	23	27	27	27

As of June 30, 2019

	Total	Classic	PEPRA
• Employee Counts	30	22	8
• Projected FY21/22 Payroll	\$ 1,856,000	\$ 1,563,000	\$ 293,000

PLAN FUNDED STATUS - MISCELLANEOUS

District CalPERS Assets and Actuarial Liability (\$Millions)



CONTRIBUTION PROJECTIONS - MISCELLANEOUS

■ Market Value Investment Return:

- June 30, 2020 4.7%¹
 - Future returns based on stochastic analysis using 1,000 trials
- | <u>Single Year Returns at²</u> | <u>25th Percentile</u> | <u>50th Percentile</u> | <u>75th Percentile</u> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Current Investment Mix | 0.1% | 7.0% | 14.8% |
| Ultimate Investment Mix | 0.8% | 6.0% | 11.4% |
- Assumes investment returns will, generally be 6.5% (as compared to 7.0%) over the next 8 years and higher beyond that.

■ Discount Rate decreases due to Risk Mitigation policy

■ No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements

■ Different from CalPERS projection

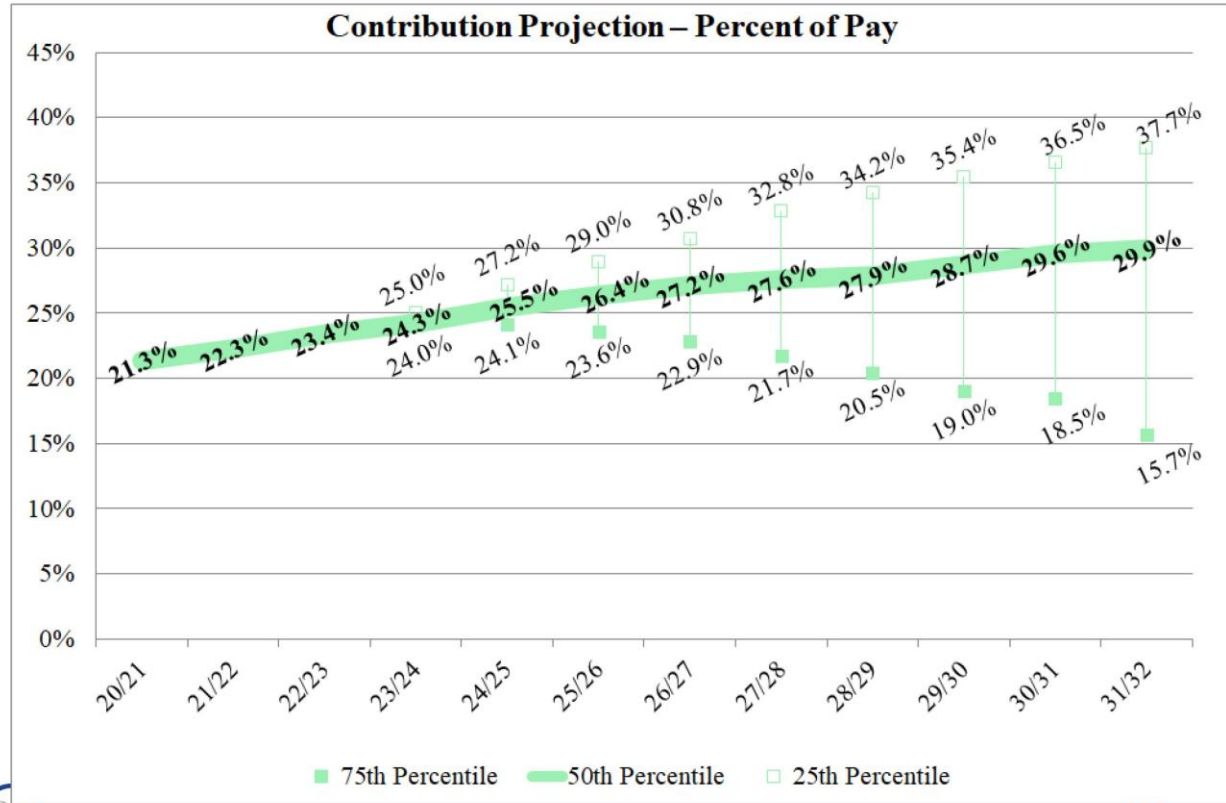
■ New hire assumptions:

- 95% of 2020/21 new hires are PEPRA members and 5% are Classic members
- Percentage of PEPRA member future hires to increase from 95% to 100% over 2 years

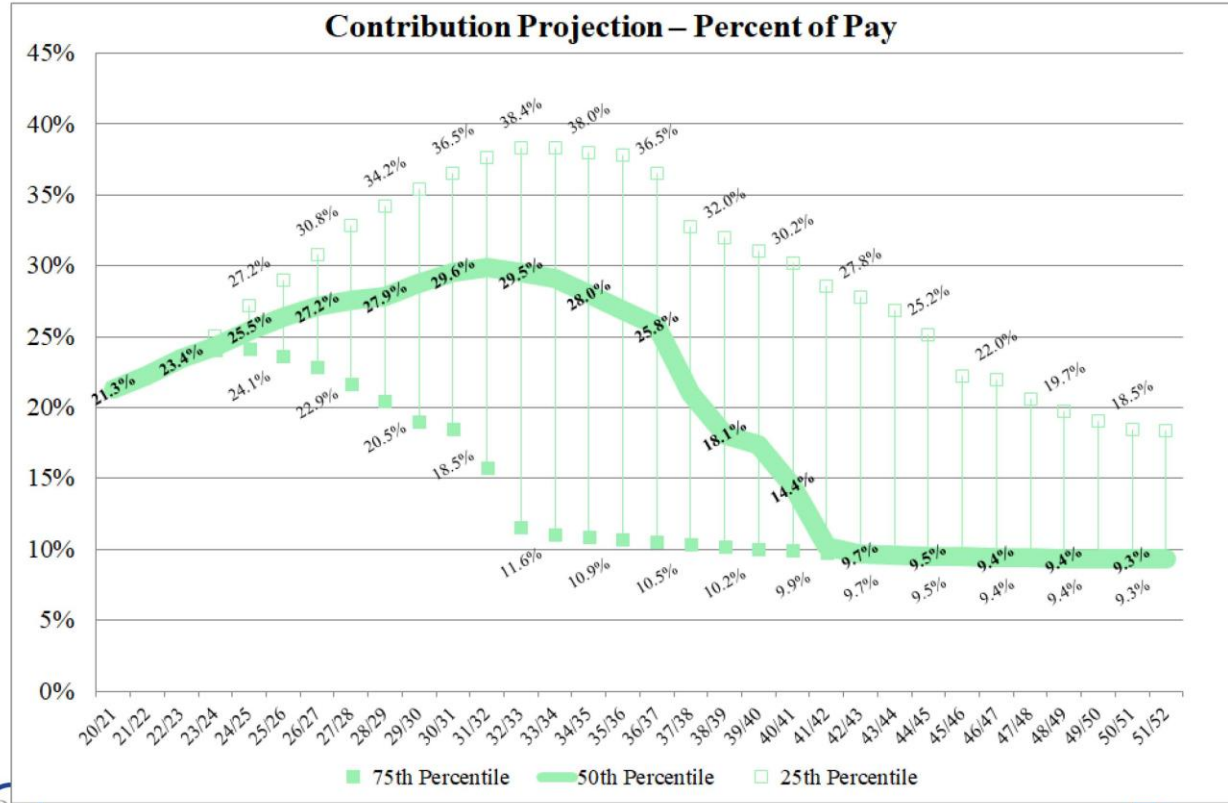
¹ Gross return based on July 2020 CalPERS press release

² Nth percentile means N percentage of our trials result in returns lower than the indicated rates.

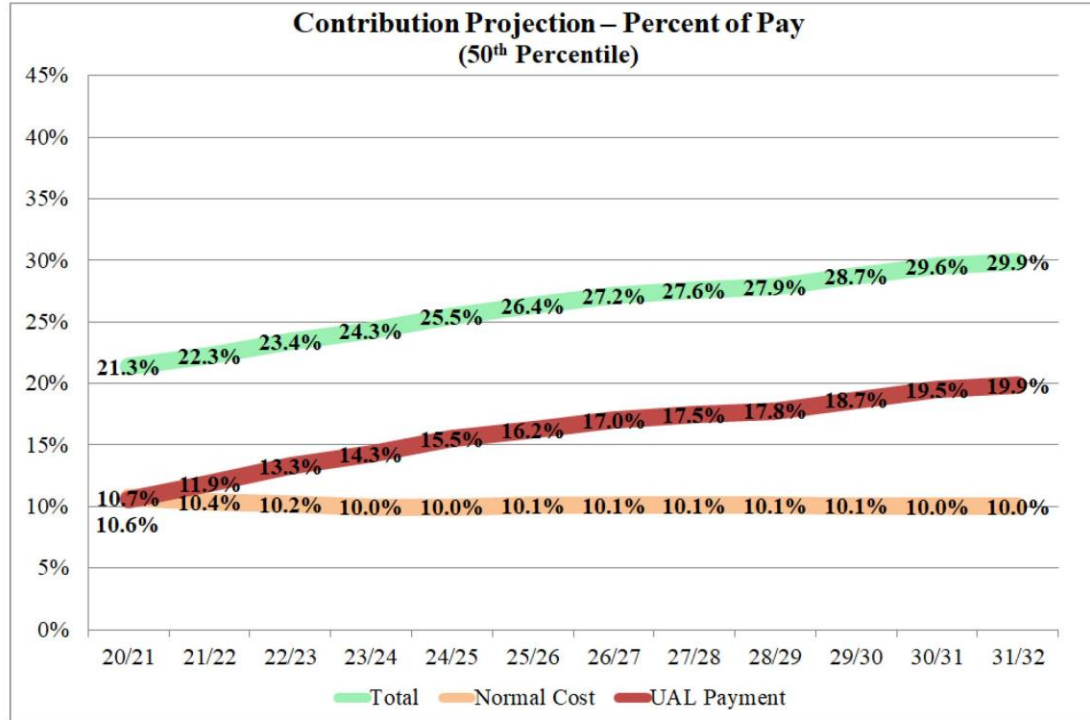
CONTRIBUTION PROJECTIONS - MISCELLANEOUS



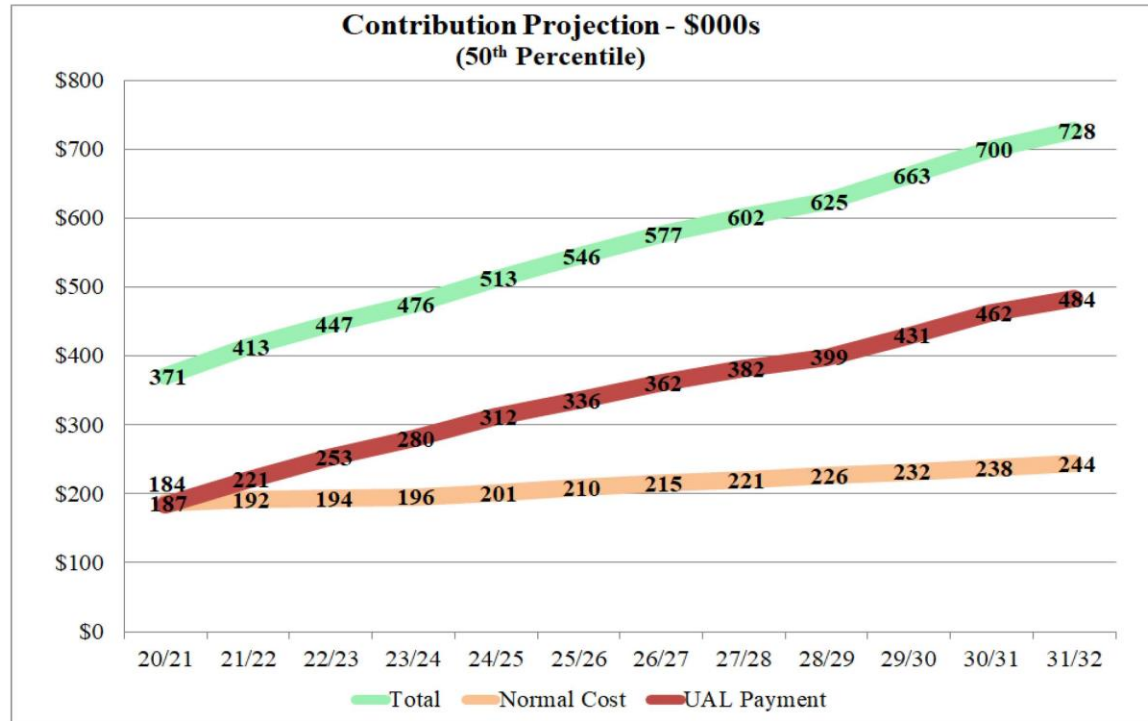
CONTRIBUTION PROJECTIONS - MISCELLANEOUS



CONTRIBUTION PROJECTIONS - MISCELLANEOUS



CONTRIBUTION PROJECTIONS - MISCELLANEOUS



SUMMARY OF DEMOGRAPHIC INFORMATION - SAFETY

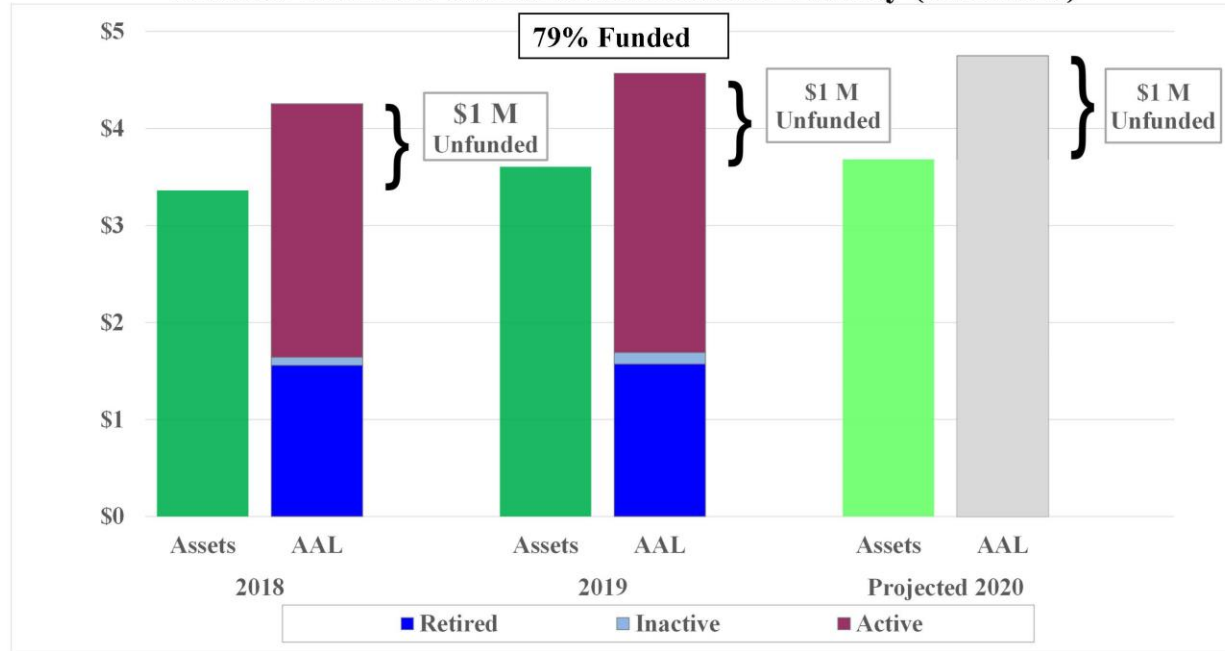
	2012	2014	2018	2019
Actives				
■ Counts	9	9	10	13
■ Average PERSable Wages	\$ 58,200	\$ 58,000	\$ 54,700	\$ 59,300
■ Total PERSable Wages	500,000	500,000	500,000	800,000
Inactive Members				
■ Counts				
• Transferred	4	2	3	3
• Separated	2	-	-	1
• Retired	3	7	7	7

As of June 30, 2019

	Total	Classic	PEPRA
• Employee Counts	13	10	3
• Projected FY21/22 Payroll	\$ 837,000	\$ 729,000	\$ 107,000

PLAN FUNDED STATUS - SAFETY

District CalPERS Assets and Actuarial Liability (\$Millions)



CONTRIBUTION PROJECTIONS - SAFETY

■ Market Value Investment Return:

- June 30, 2020 4.7%³
 - Future returns based on stochastic analysis using 1,000 trials
- | <u>Single Year Returns at⁴</u> | <u>25th Percentile</u> | <u>50th Percentile</u> | <u>75th Percentile</u> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Current Investment Mix | 0.1% | 7.0% | 14.8% |
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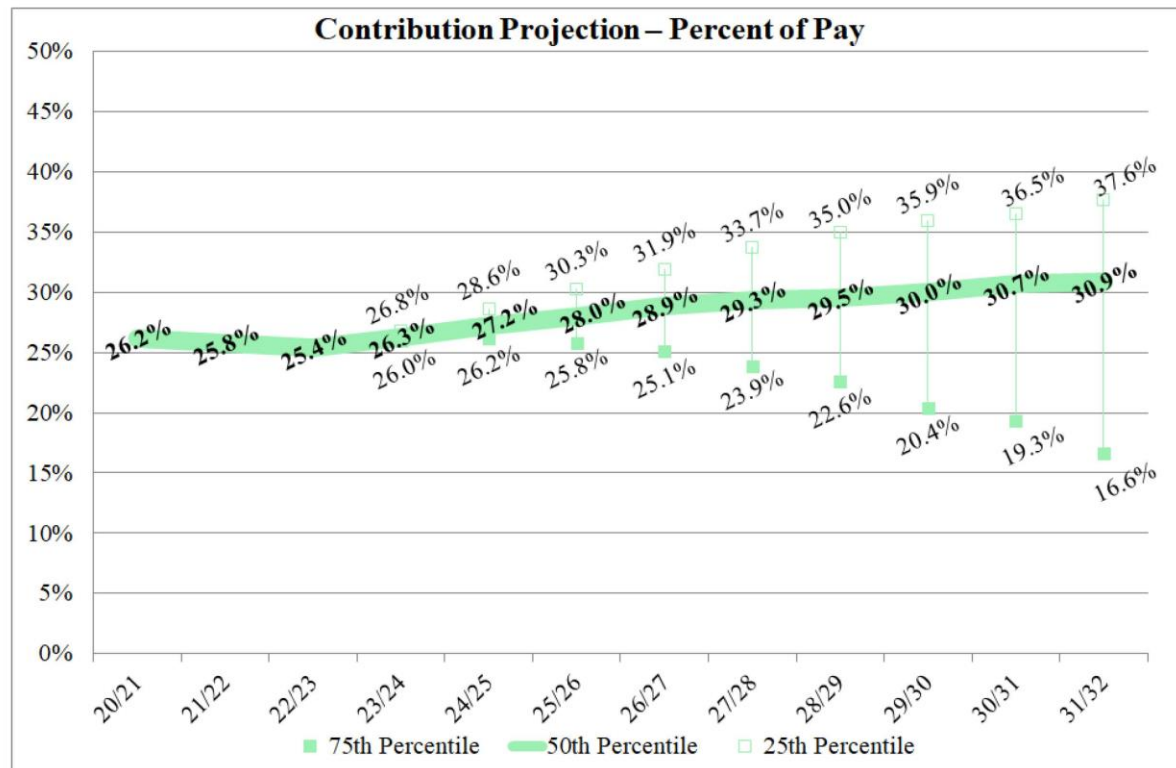
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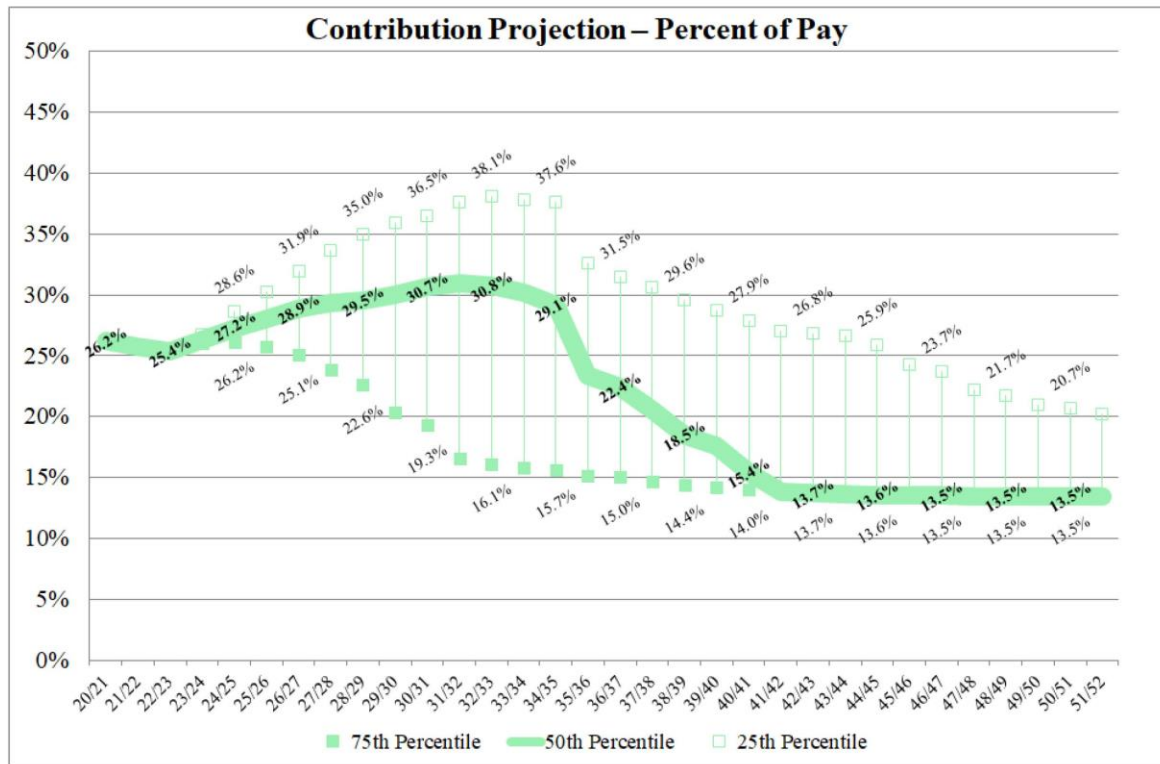
³ Gross return based on July 2020 CalPERS press release

⁴ Nth percentile means N percentage of our trials result in returns lower than the indicated rates.

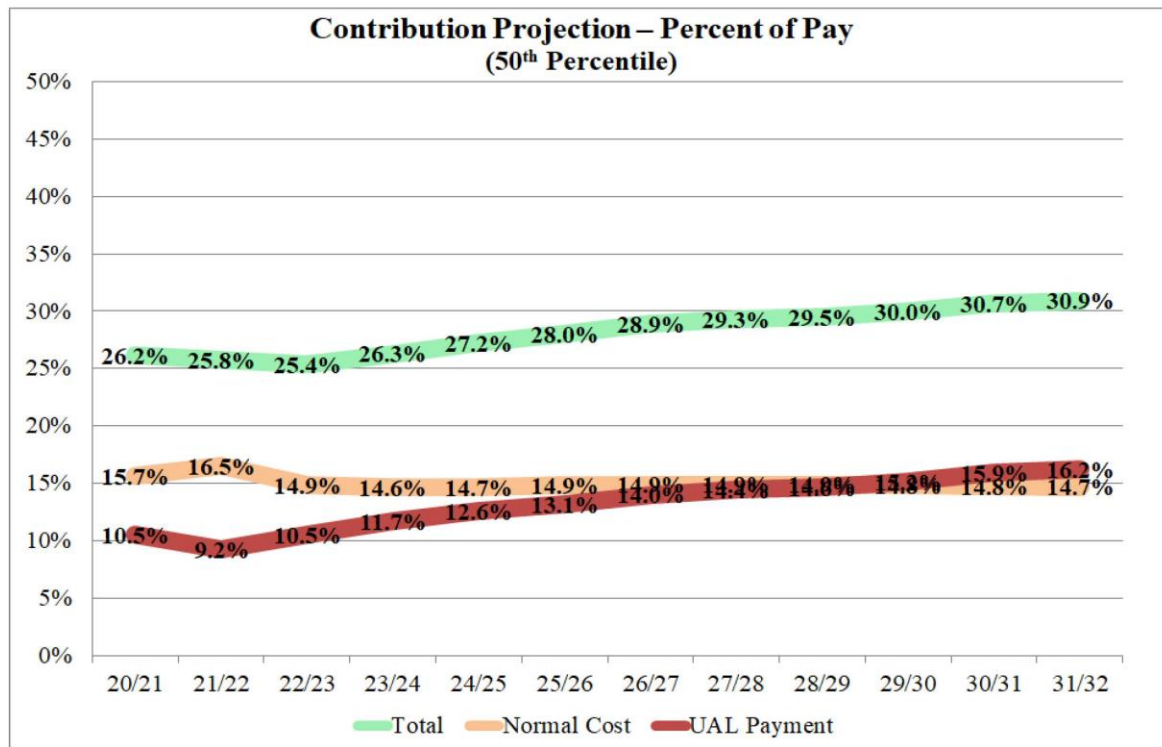
CONTRIBUTION PROJECTIONS - SAFETY



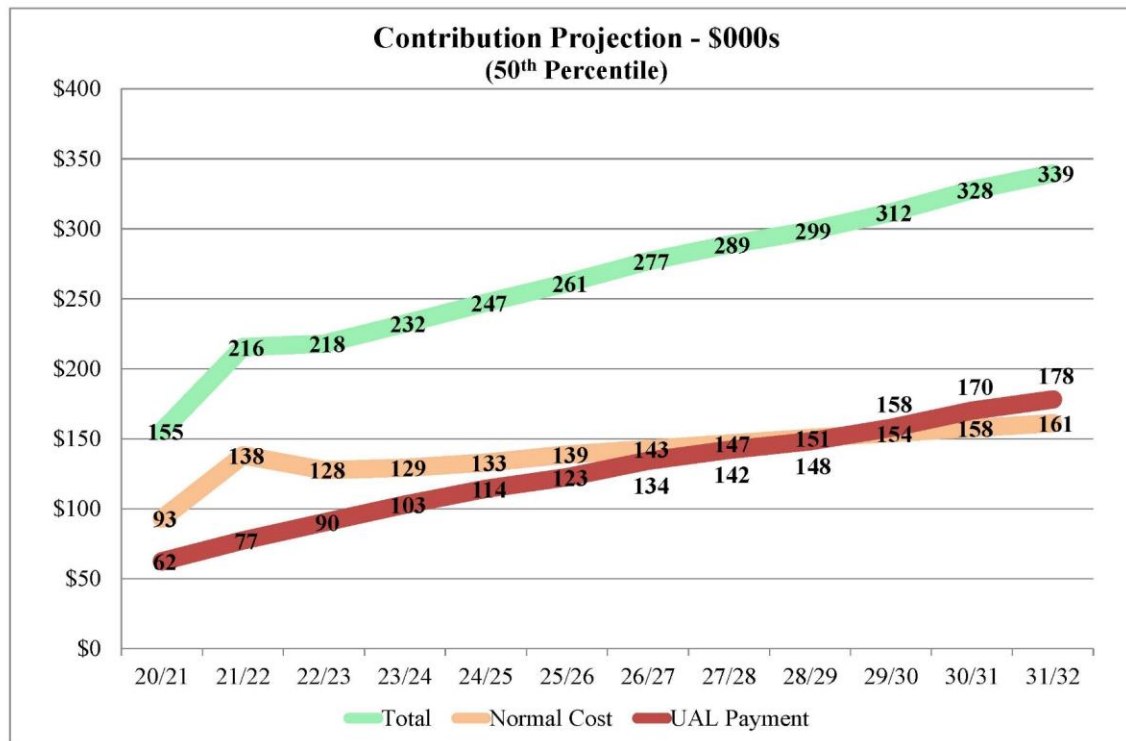
CONTRIBUTION PROJECTIONS - SAFETY



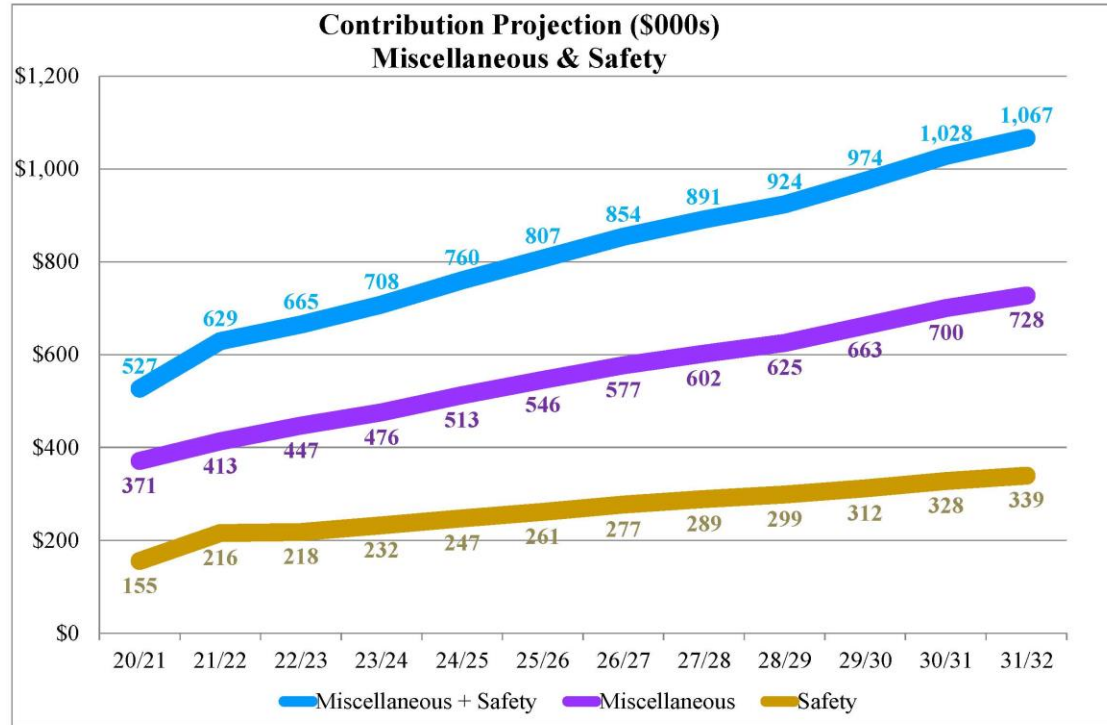
CONTRIBUTION PROJECTIONS - SAFETY



CONTRIBUTION PROJECTIONS - SAFETY



COMBINED MISCELLANEOUS AND SAFETY



PAYING DOWN THE UAL & RATE STABILIZATION

- Options for Funding the CalPERS Obligation
 - Pay CalPERS contributions as billed
 - Favorable investment performance could reduce unfunded liability
 - Only if consistently outperform assumptions
 - Make additional payments to CalPERS
 - Set aside funds in an irrevocable supplemental/Section 115 Trust

PAYING DOWN THE UAL & RATE STABILIZATION

- Favorable investment performance could reduce unfunded liability:

	7% Return in FY2021	20% Return in FY2021
Actuarial Accrued Liability (projected to 6/30/2021)	18,000,000	18,000,000
Estimated Assets at 6/30/2021	<u>13,700,000</u>	<u>15,400,000</u>
Unfunded Liability	4,300,000	2,600,000
Funded Ratio	76.1%	85.4%

- Only if consistently outperform assumptions

PAYING DOWN THE UAL & RATE STABILIZATION

- Make payments directly to CalPERS:
 - Likely best long-term investment return
 - Must be considered an irrevocable decision
 - Option #1: Request shorter amortization period (Fresh Start):
 - ☐ Higher short term payments
 - ☐ Cannot be changed once elected
 - ☐ Less interest and lower long term payments
 - Option #2: Additional Discretionary Payments (ADP):
 - ☐ Extra contributions applied as directed by employer to pay off a portion of the UAL
 - ☐ CalPERS will reduce subsequent contribution requirements by a little
 - ☐ No guaranteed savings – more assets means larger potential investment loss (or gain)

PAYING DOWN THE UAL & RATE STABILIZATION

- Irrevocable supplemental/Section 115 Trust
 - Can only be used for CalPERS contributions
- Investments significantly less restricted than District investment funds
- More flexibility than paying CalPERS directly
 - District decides if and when and how much money to put into Trust
 - District decides if and when and how much to withdraw to pay CalPERS or reimburse Agency
- Funding strategies typically focus on
 - Reducing the unfunded liability
 - Use funds for rate stabilization/budget predictability

COMPARISON OF OPTIONS

■ Supplemental Trust

- Flexible
- Likely lower long-term return
- Investment strategy choice
- Does not reduce net pension liability for GASB reporting
- More visible

■ CalPERS

- Locked In
- Likely higher long-term return
- No investment choice
- Reduces net pension liability for GASB reporting
- More restricted

FUNDING UAL PAY DOWN

- District budget
- One-time funds
- Employee cost sharing
- Pension Obligation Bond:
 - Usually thought of as interest arbitrage between expected earnings and rate paid on POB
 - No guaranteed savings
 - GFOA Advisory
 - Currently very popular



Staffing Considerations

GM is recommending

Addition of:

- **Senior Harbor Patrol Officer**
- Capital Projects Manager
- Business Operations Analyst I / II

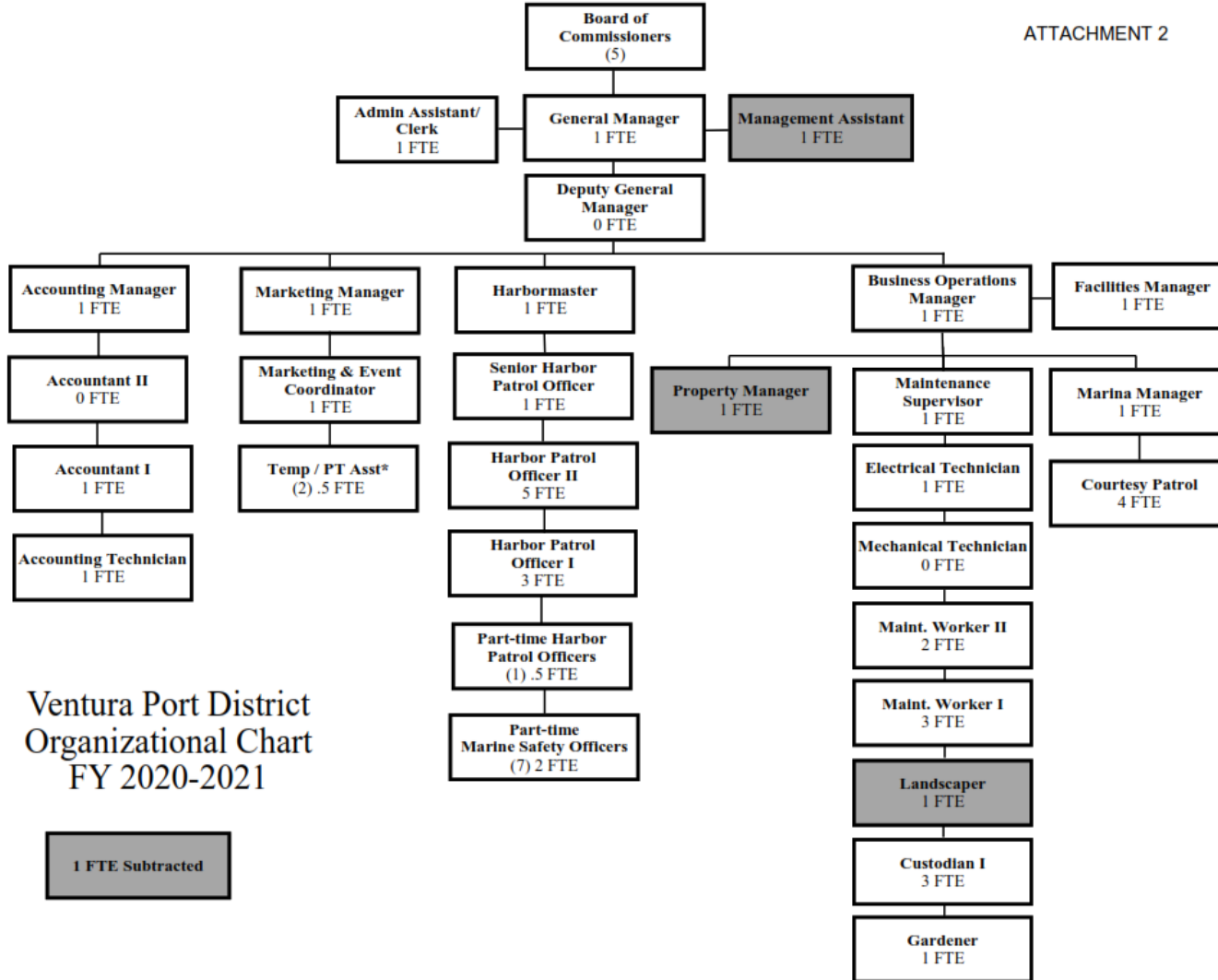
Elimination of vacant positions:

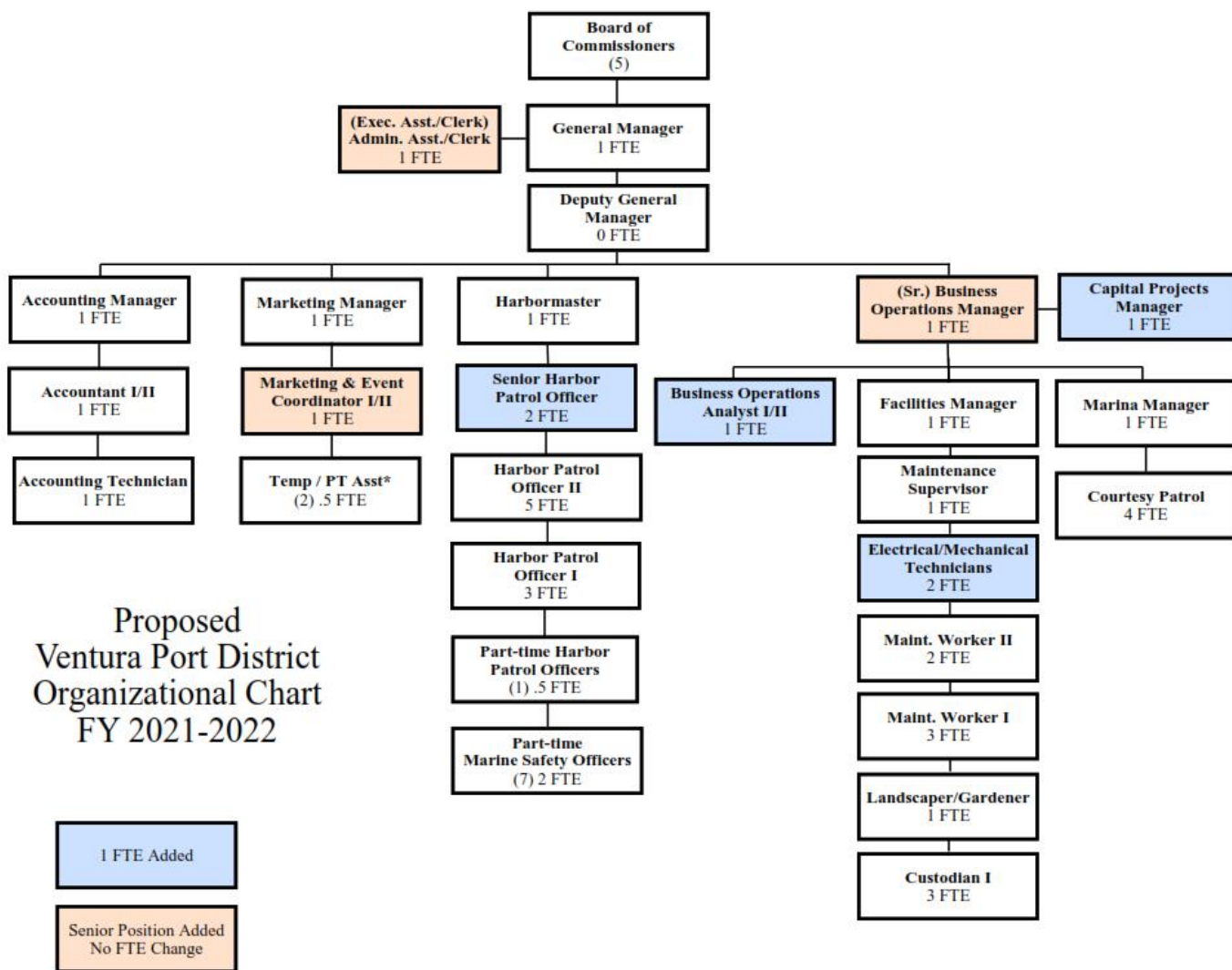
- Property Manager
- Management Assistant

Add Senior Classifications for:

- Business Operations Manager / Sr. Business Operations Manager
- Administrative Assistant/Clerk / Executive Assistant/Clerk
- Marketing & Event Coordinator I/II

Net Increase of
1 Full-time
Position







Ventura Harbor

HOME OF THE CHANNEL ISLANDS NATIONAL PARK

Capital Improvement Projects

Capital Improvement Projects	Budgeted Cost	Comment
1567 Lighthouse building improvements	\$725,000	
Paid Parking Infrastructure*	\$275,000*	*Includes machines at beach lots
1567 B Building Roof replacement	\$250,000	
Harbor Village Wayfinding Signs	\$150,000	Goes out to bid next week
1449 Building structural improvements	\$120,000	
1591 Elevator Refurbishment	\$120,000	
Harbor Village Trash Enclosure	\$90,000	Bid award tonight
EV Charging Stations in VHV	\$50,000	Grant funding opportunities
Security System – Additional Cameras at VHV	\$15,000	FY20-21 Carry Over
1691 ADA Restroom Improvements	\$130,000	
SUB-TOTAL (Harbor Village)	\$1,925,000	



Ventura Harbor

HOME OF THE CHANNEL ISLANDS NATIONAL PARK

Capital Improvement Projects

Capital Improvement Projects (Continued)	Budgeted Cost	Comment
Resurface & Restripe Launch Ramp Parking Lot	\$75,000	
Harbor Patrol – Vehicle Replacement	\$45,000	Spring 2022
Harbor Cove Light & Poles Replacement	\$45,000	
1603 Emergency generator	\$35,000	Installation
Beach Lots Retaining Wall & Shower Area Improvements	\$25,000	Design phase
Fish Hoist #1 – Base Plate Refurbishment	\$25,000	Improvement of existing hoist
Fish Pier – Loading Area & Electrical Building Improvements	\$15,000	Currently out to bid
Harbor Patrol Radio & Communication Upgrades	\$8,000	Part 1 of 2 phases
SUB-TOTAL (All Other)	\$273,000	

TOTAL Proposed Capital Improvement Budget

\$2,198,000

(-\$40,000 estimated grant funding)

Capital & ADA Improvement Projects (5 Year)

Item #	Dept.	Project Location/Description	Fiscal Yr 21-22	Fiscal Yr 22-23	Fiscal Yr 23-24	Fiscal Yr 24-25	Fiscal Yr 25-26
1	Capital	1567 Spinnaker #100 - Building Improvements	725,000				
2	Admin	Paid Parking Infrastructure	275,000				
3	Capital	Harbor Village Bldgs.-replace/repair roofs/tiles/gutters - Bldg. 1567 (B & C), 1583, 1575, 1431 and 1591	250,000	250,000	900,000	650,000	250,000
4	Capital	Harbor Village Wayfinding Signage, Entry Awnings	150,000	25,000	25,000		
5	Capital	1449 Building structural improvement	120,000				
6	Capital	Harbor Village Bldgs. - refurbish elevator at 1591 Spinnaker (last of the 5 elevators in the Village to be refurbished)	120,000				
7	Capital	Harbor Village Trash Enclosures (FY20-21 Construction Carry Over)	90,000	180,000		200,000	
8	HP	Resurface & Restripe Launch Ramp Parking Lot	75,000				
9	Capital	EV Charging Stations	50,000		30,000		
10	HP	Vehicle Replacement - Harbor Patrol Dept.	45,000	40,000			
11	Maintenance	Harbor Cove Lights & Poles Replacement	45,000				
12	Capital	District Headquarters - emergency generator - plans & specs followed by purchase and installation	35,000				
13	Maintenance	Harbor Cove & Surfers Knoll - Retaining Wall & Shower Area Improvements	25,000	150,000			
14	Marina	Fish Hoist #1 - Base Plate Refurbishment	25,000				
15	Marina	Fuel Pier - Loading Area & Electrical Building Improvements	15,000				
16	HP	Security System - Additional Cameras (FY20-21 Carry Over)	15,000				
17	HP	Harbor Patrol Radio Repeater and Communication Upgrades	8,000	20,000			
18	HP	Launch Ramp Floating Dock Replacement		250,000			
19	Capital	National Park Service Bldg. - 1691 Bldg. - HVAC systems		100,000			
20	Capital	Harbor Village Entrance Feature Revitalization & Wayfinding		50,000	100,000		
21	Marina	Fish Crane - base replacement & repainting		50,000			
22	Capital	1575/1583 Pass-Through Repaving		50,000			
23	Maintenance	Vehicle Replacement - Maintenance Dept. (EV)		40,000			50,000
24	Capital	Parking Lot Lights & Poles - Parcel 19A		30,000			
25	Capital	Promenade Improvement Program - design & permitting first years, phased afterwards (includes paving, furniture, lights & poles)		25,000	50,000	250,000	1,000,000
26	Capital	District Headquarters - replace HVAC condenser unit system		20,000			
27	Marina	Vehicle Replacement - Courtesy Patrol (EV)		20,000			
28	HP	Boat Replacement - Harbor Patrol Dept. Grant funding will be sought			300,000		500,000
29	Capital	Village Paseo Improvement Project			250,000		
30	Maintenance	Resurface Parking Lots (Harbor Village & Beach Lots)				450,000	

Capital & ADA Improvement Projects (5 Year)

31	ADA	ADA Restroom Upgrade - 1691 (Island Packers Guests' Unisex Restroom)	130,000				
32	ADA	ADA Restroom Upgrade - 1575		150,000			
33	ADA	ADA Restroom Upgrade - 1567			125,000		
34	ADA	ADA Restroom Upgrade - 1691 (Boater's Restroom/showers)					
Total Capital Improvement Plan			2,068,000	1,300,000	1,655,000	1,550,000	1,800,000
Total ADA Improvement Plan			130,000	150,000	125,000	-	-
TOTAL CAPITAL IMPROVEMENTS & ADA IMPROVEMENTS			2,198,000	1,450,000	1,780,000	1,550,000	1,800,000
Special Funding for EV Charging Stations			(40,000)		(25,000)		
Special Funding for HP Vessel Replacement					(200,000)		(400,000)
Special Funding for Launch Ramp Floating Docks				(225,000)			
Special Funding for...							
TOTAL CAPITAL IMPROVEMENTS & ADA IMPROVEMENTS WITH FUNDING			2,158,000	1,225,000	1,555,000	1,550,000	1,400,000

Tenant Improvement Projects

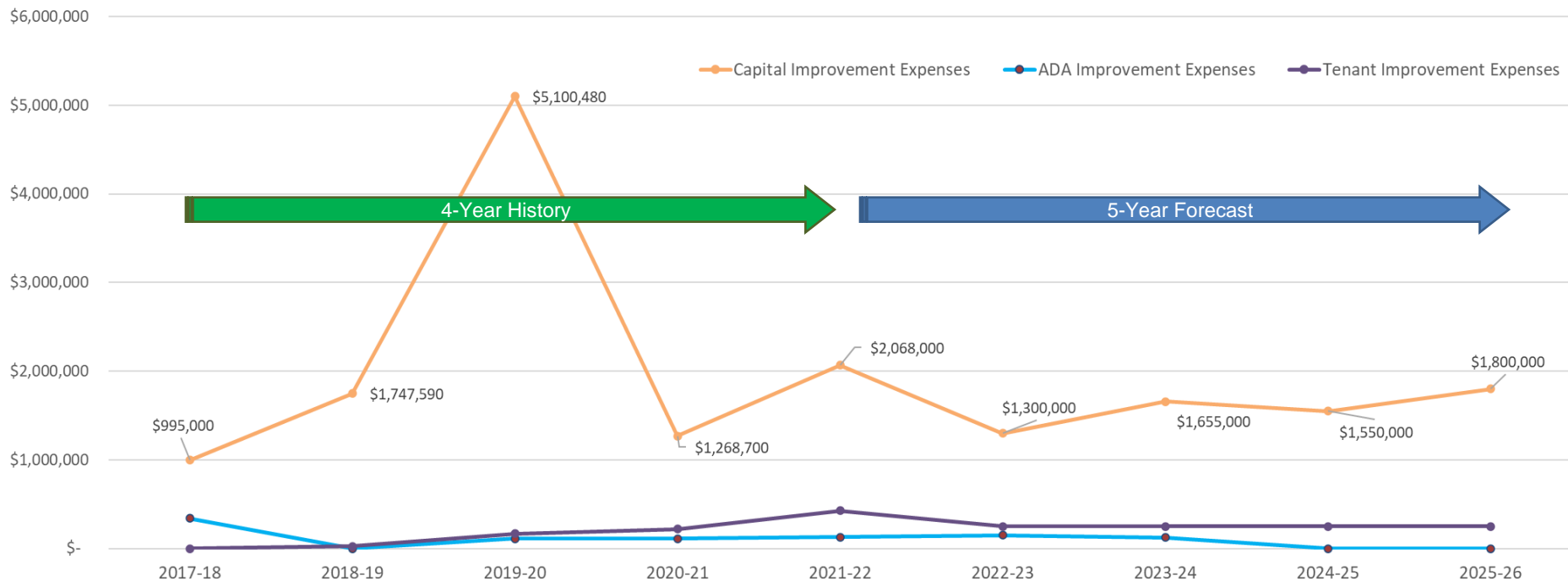
FY21-22 Building Tenant Improvements

Budgeted Items		
Scheduled Improvements	Budgeted District Contribution to Building Tenant Improvements	\$ 284,000.00
Unscheduled Improvements	Renovations due to possible Tenant turnover at lease expiration	\$ 109,000.00
Contingency	Renovations due to unscheduled Tenant turnover (early termination)	\$ 32,000.00
		\$ 425,000



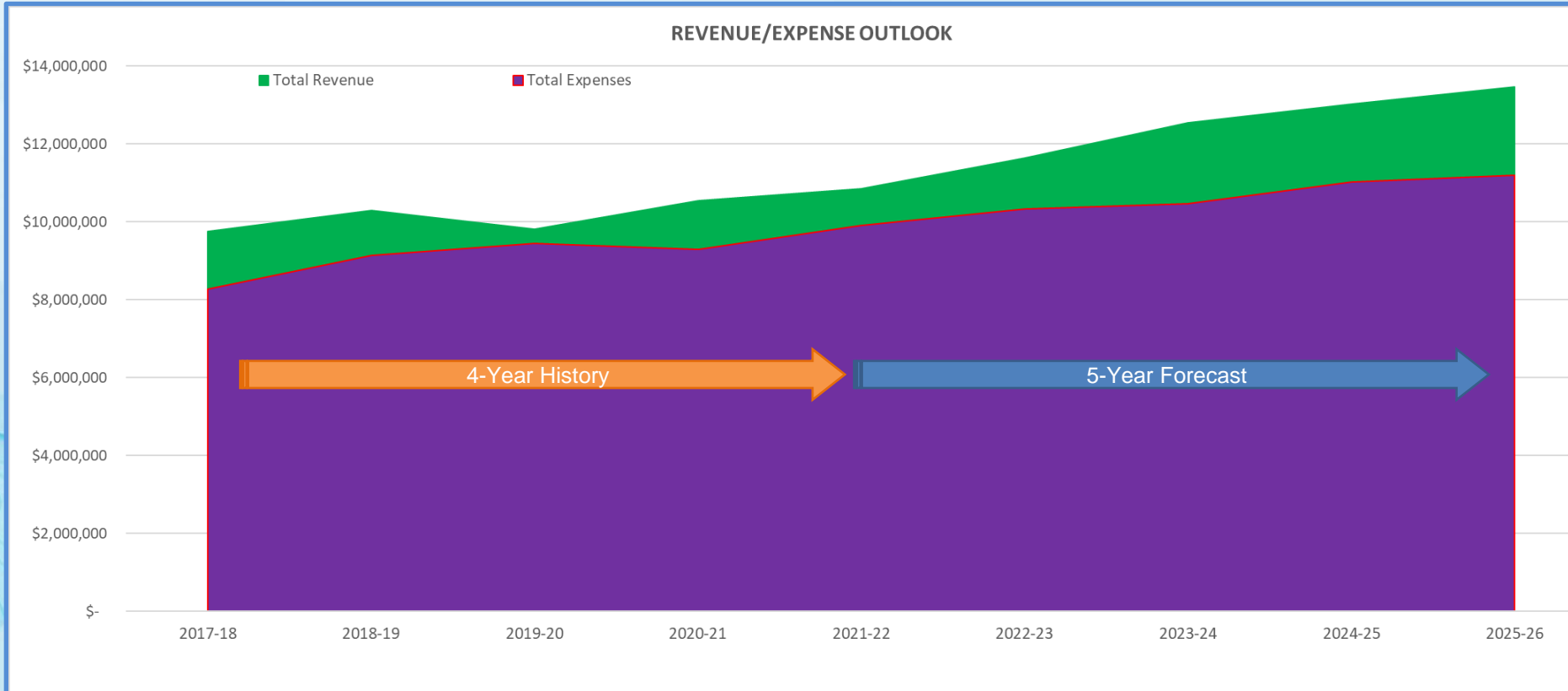
FY21-22 Preliminary Budget

CAPITAL, ADA & TENANT IMPROVEMENTS EXPENDITURE OUTLOOK





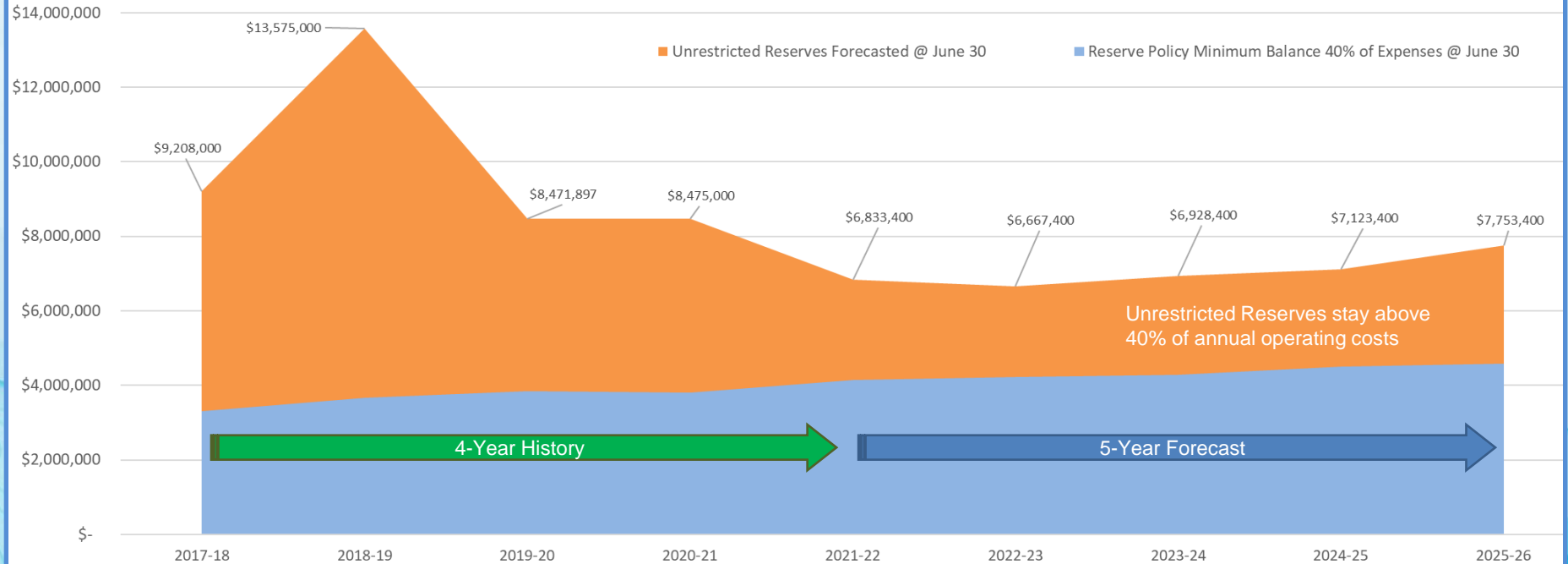
FY21-22 Preliminary Budget





FY21-22 Preliminary Budget

CASH POSITION OUTLOOK





Ventura Harbor

HOME OF THE CHANNEL ISLANDS NATIONAL PARK

Thank you for your time.

Brian D. Pendleton

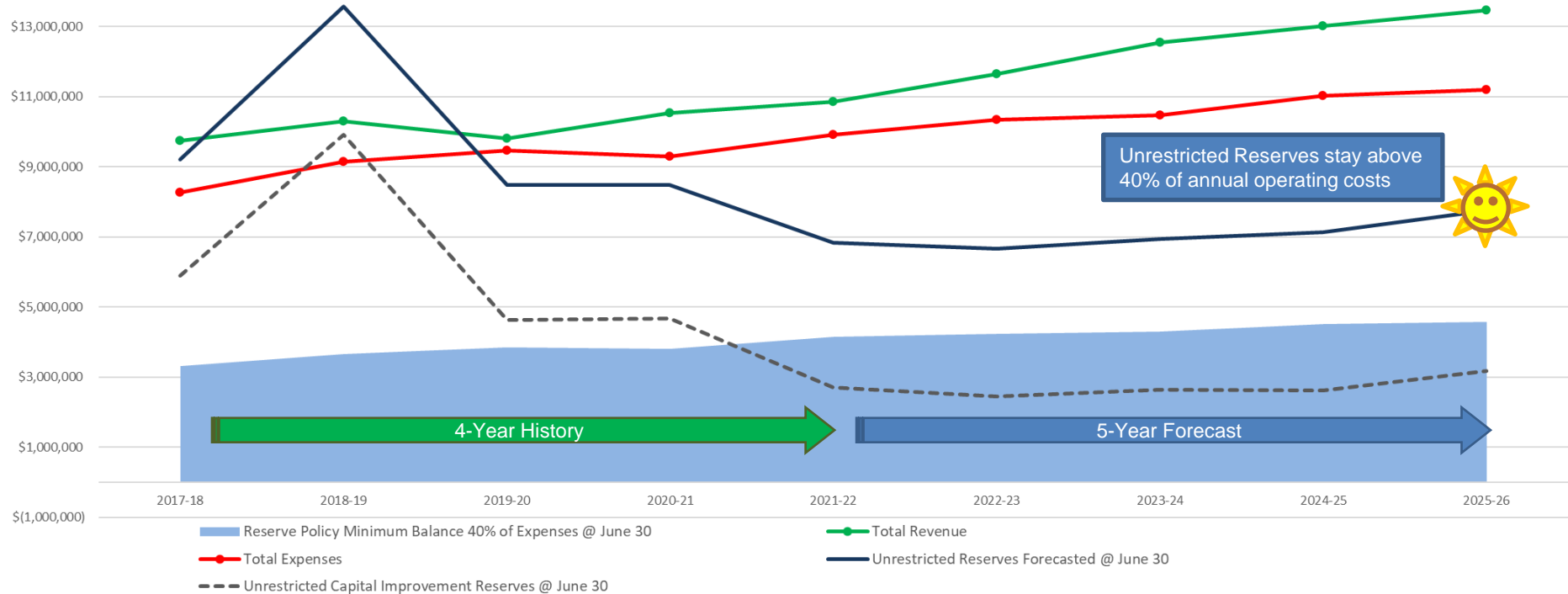
Todd Mitchell

Gloria Adkins



FY21-22 Preliminary Budget

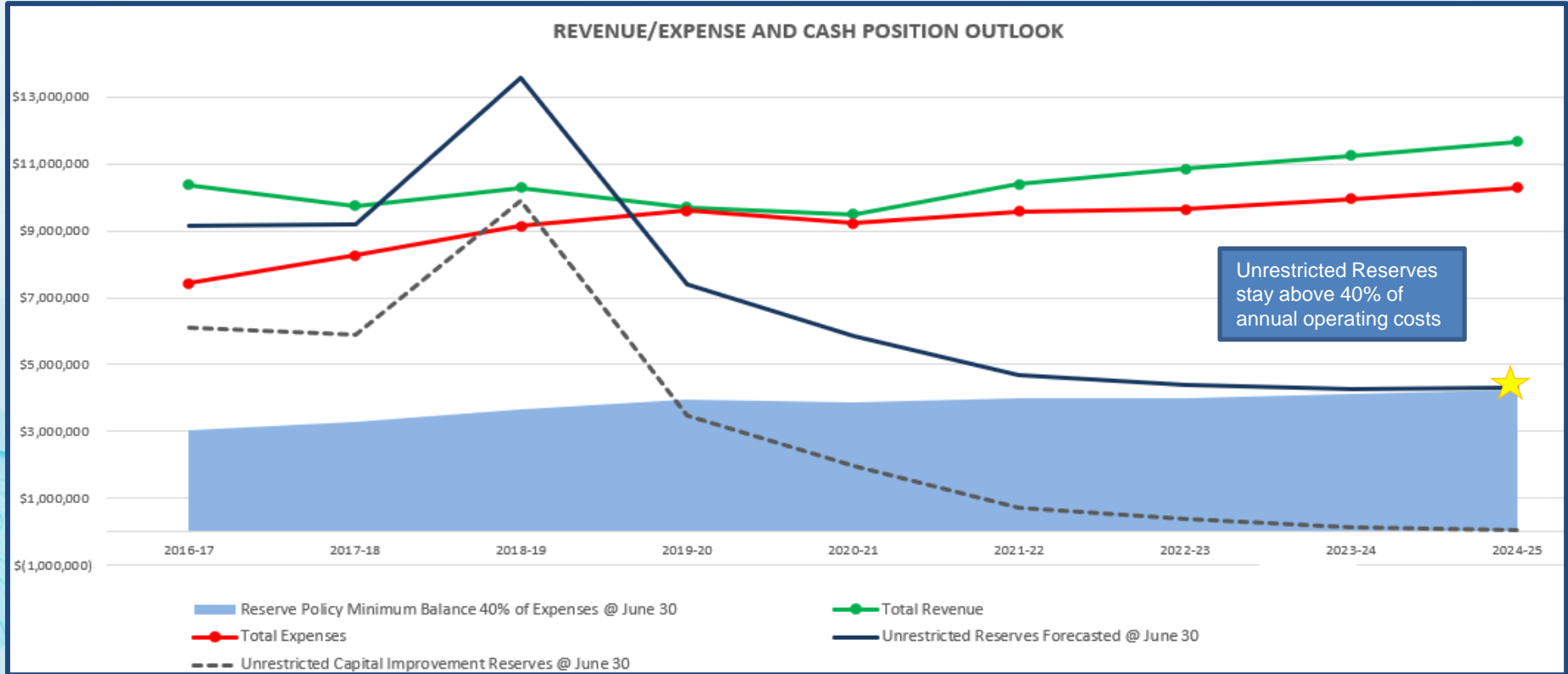
REVENUE/EXPENSE AND CASH POSITION OUTLOOK



* Unrestricted Capital Improvement Reserves is the amount in excess of Unrestricted Reserves (District policy to preserve 40% annual operating costs)



FY20-21 Final Budget (For Reference)



* Unrestricted Capital Improvement Reserves are amount in excess of Unrestricted Reserves (District policy to preserve 40% annual operating costs)

PUBLIC COMMUNICATION STANDARD AGENDA ITEM 4

00 : 03 : 00

Change Clock Type

Digital

Duration:

00

03

00

TimeUp Reminder (Optional):

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Choose Sound Effect

None

Choose TimeUp Sound

Alarm

STANDARD AGENDA ITEM 5

Report by:
Brian D. Pendleton, General Manager

Ventura Port District Operations as it relates to COVID-19

RECOMMENDATION RECOMMENDATION

That the Board of Port Commissioners receive an
update on:

- a) The COVID-19 Ventura Harbor Rental Abatement
and Deferment Program; and,
- b) Status of Ventura Port District operations.

PUBLIC COMMUNICATION STANDARD AGENDA ITEM 5

00 : 03 : 00

Change Clock Type

Digital

Duration:

00

03

00

TimeUp Reminder (Optional):

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Choose Sound Effect

None

Choose TimeUp Sound

Alarm



VENTURA
PORT DISTRICT

Established 1952

**ADJOURNMENT IN HONOR OF BUTCH SANDERS
NEXT MEETING JULY 7, 2021**

Ventura Harbor

HOME OF THE CHANNEL ISLANDS NATIONAL PARK