

**San Mateo County Harbor District
Board of Harbor Commissioners
*Special Meeting Minutes***

**May 21, 2008
5:00 p.m.**

**Oyster Point Yacht Club
911 Marina Blvd.
South San Francisco, CA**

Roll Call

Commissioners

- x Ken Lundie, President
- Leo Padreddii, Vice President
- Sally Campbell, Treasurer
- Pietro Parravano, Secretary
- x James Tucker, Commissioner

Staff

- Peter Grenell, General Manager
- Marcia Schnapp, Director of Finance
- Marietta Harris, Human Resource Manager
- Robert Johnson, Harbormaster
- Dan Temko, Harbormaster
- Theresa N. Hayes, Deputy Secretary
- x Marc Zafferano, District Counsel

x- absent

Public Comments/Questions- None

Staff Recognition- Temko congratulated Deputy Harbormaster Jacob Walding on the arrival of his newborn son earlier that afternoon.

Campbell recognized Walding, DellaSanta and Temko for their efforts in setting up and manning the District's booth at Rock the Block in Half Moon Bay. Padreddii concurred and commended Campbell for her efforts in organizing the event.

New Business

1 TITLE: **Board Finance, Budget, and Priorities Update Workshop**
REPORT: Grenell and Staff
PROPOSED ACTION: To be determined

Grenell stated that the purpose of the workshop is to identify multi-year projections, estimates and corrective actions that may be needed to (a) reduce the widening gap between District expenditures and revenues, (b) maintain adequate level of cash reserves, (c) sustain acceptable levels of customer services, (d) maintain fiscal and operational stability; and (e) respond to possible future severe financial impacts.

Discussion began on the requests previously made by the Commission, for which staff had prepared information. Items included:

1. Five-year financial outlook
2. Three-year financial outlook
3. "Worst-case" scenario for benchmark or threshold for corrective action, e.g., cash reserves drop below a specific level, and possible actions
4. Compare District wages and benefits to other agencies
5. Compare District benefits as percentage of wages to other agencies
6. Wages as percentage of budget (chart)
7. Early retirement incentives and savings
8. Information on layoffs: procedures, fiscal, implications
9. Possibilities for debt service deferment stemming from Governor's salmon season closure emergency declaration
10. Possibilities for improved lease returns and development

Campbell thanked Grenell, Schnapp and Harris for putting the reports together. She added that it was very clear, concise and visible.

Parravano asked what the link is between the DBW loans and which facilities are still used and needed. The Harbor masters can assess how District physical assets are being used.

Schnapp summarized the status of GASB 34 fixed asset inventory.

Grenell stated his expectation that collective bargaining about new union contracts would begin later in 2008, much earlier than in the past.

Schnapp made a PowerPoint presentation to expand on the information items.

Schnapp pointed out that the District presently has approximately \$2.5 million of unrestricted cash reserves, and a little over \$6 million total. A goal to strive for would be \$9 million total; \$6 million should be the lowest threshold for reserves.

Schnapp made other points: Breaking even on expenses and revenue is not anticipated until year five (2012-13); interest is currently 3% and DBW interest is 4.5%, so the District could benefit from paying off more debt.

Temko stated that Pillar Point has 24/7 search and rescue activities which requires a base staff load of two 12 hours plus one 12 hour. Pillar Point staff is the only SAR first responder on the San Mateo Coast. Temko concluded that the Coast Guard could handle the job, but would need to be in place before the District could reduce its staff involvement.

Campbell added the need to take into account training, illness, and leaves when considering staff loads. Shifts and scheduling should be examined as part of the whole assessment process.

Schnapp reviewed the five-year projection. Campbell said the District should try to break even sooner than five years. Padreddii concurred.

Grenell stated that this workshop will be the start of a process for the Board to come to conclusions in the next few months on a clear long-term outlook for the District that would save money, maintain customer service, and establish long-term stability.

Campbell requested that conclusions be made within 90 days. The Board agreed.

A short discussion on staffing took place. Campbell suggested preparing numbers to show what search and rescue operations cost the District. The Board agreed.

Adjournment

Action: Motion by Campbell, second by Parravano to adjourn the meeting. The motion passed unanimously at 6:17 p.m.

APPROVED BY:

ATTESTED BY:

Leo Padreddii
Acting President

Theresa DellaSanta
Deputy Secretary