

Finance Committee Special Meeting: March Meeting Report

Meeting Date: Thursday, March 26, 2015

San Mateo County Harbor District

Committee Members: Sabrina Brennan & Tom Mattusch

Public Participation: Ed Carter, Kathryn Slater-Carter, Joe Falcone, Leonard Woren, Bill Kehoe

Committee Membership Application:

http://www.smharbor.com/harbordistrict/committee/SMCHD_committee_application.pdf

Standing Committee Bylaws:

Each Commissioner serving on a committee can select up to two public members to serve on the committee. All members of the public appointed to a committee must be confirmed by a board vote. A member of the public can serve as chair if agreed to by both committee board members.

Finance Committee Responsibilities (revisions are in green)

Adoption of these Responsibilities will be considered at the next committee meeting.

Budgeting and Financial Planning

- Develop long-range financial goal recommendations along with funding strategies to achieve them
- Develop multi-year operating budget recommendations that integrate strategic plan objectives and initiatives.

Reporting

- Work with staff to develop useful and readable report formats.
- Work with staff to develop a list of desired reports noting the level of detail, frequency, deadlines, and recipients of these reports.
- Work with staff to understand the implications of the reports.

Internal Controls and Accountability Policies

- Review approved financial policies and procedures.
- *Work with auditor to review and advise internal controls.*
- *Work with staff to create, approve, and update (as necessary) policies that help ensure the assets of the organization are protected.*
- *Work with auditor and staff to ensure policies and procedures for financial transactions are documented in a manual, and the manual is reviewed annually, and updated as necessary.*
- Increase access to information about District finances
- Increase access to new technologies for openness and accountability

Audit

- Recruit and recommend auditor
- Review the draft audit
- Review the management recommendation letter from the auditor and ensure follow up on any issues mentioned

Investments

- Review investment policy at least annually and update if necessary.
- Ensure provisions of the policy are followed.
- Evaluate investment portfolio, guidelines on the asset allocation of the portfolio based on a predetermined level of risk tolerance, authorizations for executing transactions, disposition of earned income, etc.

DRAFT Preliminary Operating and Capital Budget for fiscal year 2015/16

March 4, 2015 Board Packet (Item 4)

<http://www.smharbor.com/harbordistrict/packets/packet03182015.pdf>

The Finance Committee formulated the following questions and requests for staff.

QUESTIONS/REQUESTS TO STAFF

1. Please provide a 5-year rolling Capital Improvement Program (CIP) including reserve balances.
2. Please provide a DRAFT Reserve Policy for review.
3. What actions does staff recommend taking to reduce the cost of overall operations?
4. Which Capital Projects included in the budget would staff agree can be delaying to address the (\$3,629,190) budget deficit?
5. Please see "Budget Summary" page and fill in the missing numbers on "Total Revenues Less Expenses" line for PPH and OPM. Currently only the total is included.
6. "Budget Summary" page 8 has Pillar Point items in Oyster Point column.
7. Why is the "Total All Capital Projects" \$3,629,190 the same number as the deficit (\$3,629,190).
8. Separately for PPH and for OPM, please provide the total revenue, total expenses, total profit or loss, and if a loss, the loss (deficit) as a % of Revenue, and total Expense as a % of total Revenue.
9. Please provide a chart comparing revenue vs. expenses separately for PPH and OPM.
10. Committee recommendation; I-T services should be studied and put out to bid via RFP. Please provide the annual total amount the District paid in I-T related costs for each of the past 6 years. Please include a breakdown of this cost for hardware, software, support plans and labor.
11. Are funds from the El Granada Land in a reserve account? Are the funds set aside for a future project? Will the board decide how to allocate the funds?
12. Can the District reduce its annual payments to the Division of Boating and Waterways (DBW) and meet its loan obligation? What is the contractual minimum payment required? What are we currently paying annually? What does the loan agreement require we pay annually?
13. Has staff considered budgeting funds for business development at Oyster Point Marina?
14. Committee recommendation; Web Design services should be studied and put out to bid via RFP. Please provide 2015 year-to-date invoices from the District's web designer. Please provide the annual total amount the District paid in Web Design for each of the past 6 years.
15. Please provide clear information regarding annual fish buying fees paid in 2013, 2014 & 2015 and annual revenue projections for 2015 and 2016 assuming fish buying fee requirements remain unchanged.
16. Please provide a revenue projection for the Environmental Fee (\$3-5 dollars per month) proposed by the Acting General Manager for 2015 and 2016. What will the proposed new Environmental Fee be used for?
17. Please provide information about monthly premiums for both employee health plans. In 2018 most healthcare plan over \$27,500 will be required to pay the 40% excise tax "Cadillac Tax" (an additional .40 on every dollar). Please provide annual premium projections through 2020 for both plans that include the 40% excise tax.
18. Are Governmental Accounting Standards Board (GASB) standards being observed?
19. What is the status of the District insurance policy? When will the insurance policy be put out to bid via RFP?

Strategic Business Plan

Concerns were raised about public outreach, public workshops, presentations, invoices, DRAFT deliverables and the proposed revision process. More clarity is needed regarding District payments to the consultant. Committee members and the public agreed that the Harbor District would benefit from a Working Waterfront Committee.

The Strategic Plan should:

- Accurately represent the District's financial challenges and needed facility improvements
- Provide meaningful economic data and a step-by-step plan for increasing revenue
- Include clear recommendations that strengthen the working waterfront
- Include clear recommendations that strengthen active and passive recreation opportunities

REQUEST TO STAFF

Review and comments are needed on the DRAFT Strategic Business Plan documents. The Harbor District would benefit from providing print copies of DRAFT Appendix A-C to the following agencies and stakeholders for review, questions and comments:

- Oyster Point Harbormaster Office
- Pillar Point Harbormaster Office
- SMC Supervisor Don Horsley's office
- County Planning and Building Dept.
- California Coastal Commission
- California Coastal Conservancy
- SMC LAFCo
- City of South San Francisco
- Granada Community Services District
- Midcoast Community Council
- Half Moon Bay Seafood Marketing Association
- Coastside Fishing Club
- Half Moon Bay Yacht Club
- Oyster Point Yacht Club
- Half Moon Bay Public Library

Draft deliverables include:

1. Appendix A – DRAFT Existing Infrastructure & Facilities Assessment
2. Appendix B – DRAFT Financial Conditions Assessment
3. Appendix C – DRAFT Fishing Community Sustainability Plan

A March 22, 2015 request for Strategic Business Plan deliverables/documents included the following for public review:

1. Appendix A – DRAFT Existing Infrastructure & Facilities Assessment
2. Appendix B – DRAFT Financial Conditions Assessment
3. Appendix C – DRAFT Fishing Community Sustainability Plan
4. Moffatt & Nichol Facility Condition Study OPM & PPH
5. Moffatt & Nichol Marine Species and Water Quality Assessment, Sea Level Rise
6. Nelson Nygaard Circulation and Parking, and WETA services
7. Tenera Environmental Marine Species and Water Quality Assessment
8. Dec. 22, 2014 letter from LWC to General Manager regarding deliverables

An incomplete set of Strategic Business Plan documents are included on the District's website for public review.

- Harbor District Strategic Business Plan web page:
<http://www.smharbor.com/harbordistrict/strategy.htm>

Lisa Wise Consulting Contract and Invoices

- LWC Contract - Jan. 7, 2015 Board Packet (Item 8) see Exhibit A (page 59)
<http://www.smharbor.com/harbordistrict/packets/packet01072015.pdf>
- Strategic Business Plan Advisory Committee (page 7)
http://www.smharbor.com/harbordistrict/packets/01072015_8_1.pdf
- LWC Deliverables letter - Dec. 22, 2014
http://www.smharbor.com/harbordistrict/packets/01072015_8a.pdf

SMC Harbor District Memberships, Subscriptions & Events

REQUEST TO STAFF

Written report on the status of memberships, subscriptions and events with staff recommendations for reducing the overall cost to the District.

Next Meeting

Thursday, April 23, 2015 at 6:30pm

Agenda suggestions:

- Review and Discuss Fish Buying Fees
- Review and Discuss April 15, 2015 Budget Workshop Presentation FY15/16
 - **REQUEST TO STAFF: Please place the FY15/16 Budget Workshop Presentation on the District website**
- Discuss RFP criteria for IT services
 - **REQUEST TO STAFF: Please place all I-T Proposals provided to the Harbor Commission at the April 15th Regular Meeting on the District website. Please place the Acting GM's requests for I-T services on the District website.**
- Review and Discuss JPA Agreement with City of South San Francisco
 - Oyster Point Marina Liaison Committee

Meeting date/time was set for the Fourth Thursday of each month at 6:30pm