

Governance of the San Mateo County Harbor District

Summary

In response to a complaint, the Grand Jury reviewed the management and operation of the San Mateo County Harbor District. The District appears to be recovering from past financial problems. Today, however, it is distracted from its mission by internal dissension among the Commissioners.

Recommendations

1. District Commissioners should develop a better working relationship in order to better govern the District.
2. The District should engage a qualified consultant to help Commissioners develop conflict resolution skills.
3. The District should publicize its successes to counter current unfavorable publicity.
4. The District should seek opportunities to improve terms of its leases to generate more income.

Governance of the San Mateo County Harbor District

Issue

Are there ways to improve governance of the San Mateo County Harbor District (District)?

Background

The District has been the subject of a number of grand jury investigations over the years and continues to receive unfavorable press. Prior grand juries have, indeed, recommended dissolution of the District as a cost savings and efficiency measure.

The District operates two boating and harbor facilities in San Mateo County. One, at Oyster Point, is primarily a recreational facility on land owned by the City of South San Francisco and operated by the District under a joint powers agreement. The other, Pillar Point, is in the City of Half Moon Bay on land owned by the District. The latter site combines commercial fishing and recreational uses.

For the fiscal year ended June 30, 2000, the most recent year available when the Grand Jury completed its investigation, the District had income and expenses as follows (figures are rounded):

Income and Expense	Amount
Operating Income (including interest and grants)	\$3,220,000
Property Tax Revenue	<u>1,968,000</u>
Total Income	5,188,000
Operating Expenses	<u>4,000,000</u>
Net Surplus	\$1,188,000

The surplus is used to fund reserves, make capital improvements, and repay long term loans from the State of California, which total approximately \$17,000,000.

Members of the 2001-2002 Grand Jury toured the harbor facilities and reviewed prior grand jury reports, financial reports, leasing documents, and the Local Agency Formation Commission report. Members of the Grand Jury interviewed the five members of the Harbor Commission and the Harbor District Manager, and attended a meeting of the Harbor District Commission.

Findings

The Grand Jury members who toured the facilities found Pillar Point and Oyster Point to be adequately maintained. The District has improved its financial condition in recent years and has negotiated a more favorable loan payment schedule. The District has received its consultant's recommended long-range plan that provides guideposts for future development. The plan indicates that the District will generate sufficient revenue to pay operating expenses and capital improvements, and complete repayment of its outstanding loans on schedule by 2018. The District Manager is knowledgeable and appears to be successful in negotiating with the State Department of Boating and Waterways for grants and loans.

There is, however, major dissension among the Commissioners. There has been refusal to participate in discussion of, and vote upon, some issues, and frequent airing of complaints outside Commission meetings. This dissension distracts the Commissioners and the District Manager from properly conducting District business. For example, some of the District leases, entered into some years ago, are not providing optimum revenue.

Because of the dissension, the District has received unfavorable publicity. The District needs to overcome the dissension and take steps to improve its public image.

Recommendations

1. District Commissioners should develop a better working relationship in order to better govern the District.
2. The District should engage a qualified consultant to help Commissioners develop conflict resolution skills.
3. The District should publicize its successes to counter current unfavorable publicity.
4. The District should seek opportunities to improve terms of its leases to generate more income.