



## San Mateo County Harbor District Board of Harbor Commissioners

“To assure that the public is provided with clean, safe, well-managed, financially sound and environmentally pleasant marinas.”

### **REGULAR MEETING MINUTES**

**May 17, 2017**

**6:30 PM**

Municipal Services Building  
33 Arroyo Drive  
South San Francisco, CA 94080

**A.) 1. Roll Call-** 6:40PM– All Commissioners present.

**2. Staff Introductions**

- Anita Pyle, Director of Administrative Services
- Lau Hodges, Administrative Analyst
- Conor Cakebread, Harbor Worker B

**B.) 1. Public Comments/Questions – None**

**2. Commissioner Comments**

- Commissioner Brennan commented about items not heard on previous agendas, not rolling over to the next meeting agenda.
- President Mattusch commented regarding Commissioners having sufficient time to review the agenda packet in advance of the regular meeting, and as such, should keep comments within a reasonable timeframe so the Board Meetings can be completed within the allotted 3-hour meeting timeframe.

**C.) Consent Calendar**

**ITEMS PULLED FROM THE CONSENT CALENDAR WILL BE HEARD AFTER DISCUSSION ITEMS.**

*Consent Items 1, 3, 5, 7, 9 pulled.*

**C2. Special Meeting Minutes OPM Study Session February 15, 2017 (Gehret)**

**C4. Special Meeting Minutes April 19, 2017 (Gehret)**

**C6. Special Event Permit Fee Waiver – Coastside Fishing Club 2017 Fishing Derby at Oyster Point Marina (Gehret)**

**C8. Quarterly Investment Report (Lazof)**

**C10. Third Quarter Budget Review (Lazof)**

**Motion:** (Bernardo/Chang Kiraly) to approve Consent Items 2, 4, 6, 8, 10.

**Ayes:** All in favor.

## **D.) Discussion**

**1. Five (5) Year Capital Improvement Project Plan (CIP) with Public Meeting Input. (Moren)**

Public Comment

- Bud Ratts –Does not support the CIP project plan – only projects related to emergency, safety or grant funded.

- Hand out distributed

**Motion:** (Chang Kiraly/Bernardo) Adopt the San Mateo County Harbor District Five (5) Year Capital Improvement Project Plan as presented.

**Ayes:** Bernardo, Chang Kiraly, Mattusch

**Nays:** Brennan, Larenas

**2. Final Budget Revisions to the Adopted 2017/18 Preliminary Budget (Lazof)**

Public Comment

- Bud Ratts – acknowledged staff for the improved budget process.

- Correction to Page 2-19.

No action taken.

**3. Strategic Plan, Update and Next Steps (McGrath)**

Public Comment

- Bud Ratts – Agrees with moving forward with RFP for Strategic Plan. Supports second option.

**Motion:** (Chang Kiraly/Bernardo) Due to prior history and experience with the District, the Commission finds that competition for a consultant is not in the District's best interest and directs staff to solicit a proposal from and negotiate a contract with BHI Consulting (Brent Ives) and return to this Commission prior to execution of any agreement.

**Ayes:** Bernardo, Chang Kiraly

**Nays:** Brennan, Larenas, Mattusch

Motion failed.

**Motion:** (Brennan/Larenas) Direct staff to issue a Request for Proposals for consultant services for development of a Strategic Plan, as Attachment 6.

**Ayes:** All in favor.

**4. Recommendations from Finance Committee (Lazof)**

Public Comment

- Bud Ratts – Agrees with the recommendation of the Finance Committee to have a Cost Benefit Analysis of OPM completed.

Direction given to staff to continue with Cost Benefit Analysis and discussion with South San Francisco.

**5. Procurement and Purchasing Policy (Pyle/Lazof)**

**Motion:** (Brennan/Bernardo) Adopt Resolution No. 17-05 rescinding Chapter 2.35 of the Ordinance Code, *Contracting and Purchasing Procedures*, and Adopting Revised Restated Purchasing and Procurement Policy.

**Ayes:** Bernardo, Brennan, Larenas, Mattusch

**Nay:** None

**Absent:** Chang Kiraly

- Original and track changes version of Policy 4.3.1 distributed.
- Original and track changes version of Ordinance 2.35 distributed.

**6. California Governor's Office of Emergency Service (OES); Financial Assistance for the Pillar Point Harbor Emergency Launch Ramp Dredging and West Trail Rehabilitation Projects (Moren)**

**Motion:** (Brennan/Bernardo) Adopt Resolution 17-06 authorizing a California Office of Emergency Services application for financial assistance through Federal Emergency Management Agency.

**Ayes:** All in favor.

**7. Nominations for California Special District Association (CSDA) Board of Directors (McGrath)**

No Action

**E.) Commissioner Items**

**1. Oyster Point Marina Joint Powers Agreement (JPA) and Economic Analysis Discussion (Brennan)**

Information only.

- Email from Commissioner Brennan distributed.
- Comments from Ed Carter distributed.

**F.) Discussion/Action on Pulled Consent Items (if any)**

**C1. Bills and Claims (Chan)**

**Motion:** (Brennan/Bernardo) Accept Bills and Claims in the Amount of \$1,090,444.82, including \$294,821.34 preapproved on April 19, 2017 and \$795,623.48 approved May 17, 2017. Pre-Approve \$350,000 in Bills and Claims until next meeting.

**Ayes:** All in favor.

**C3. Regular Meeting Minutes March 15, 2017 (Gehret)**

**Motion:** (Chang Kiraly/Bernardo) Approve Minutes of the Regular Meeting of March 15, 2017.

**Ayes:** All in favor.

- Complete set of Minutes of March 15, 2017 distributed.

**C5. Regular Meeting Minutes April 19, 2017 (Gehret)**

**Motion:** (Chang Kiraly/Bernardo) Approve Minutes of the Regular Meeting of April 19, 2017.

**Ayes:** All in favor.

**C7. Activity Reports- April (McGrath/Lazof/Moren)**

**Motion:** (Brennan/Bernardo) Approve Activity Reports.

**Ayes:** All in favor.

**C9. Third Quarter Rent Report (Lazof)**

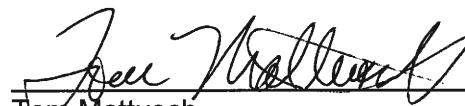
**Motion:** (Brennan/Bernardo) Approve Third Quarter Rent Report.

**Ayes:** All in favor.

**G.) Adjournment: 9:30PM Motion: (Bernardo/Change Kiraly) to adjourn the meeting.**

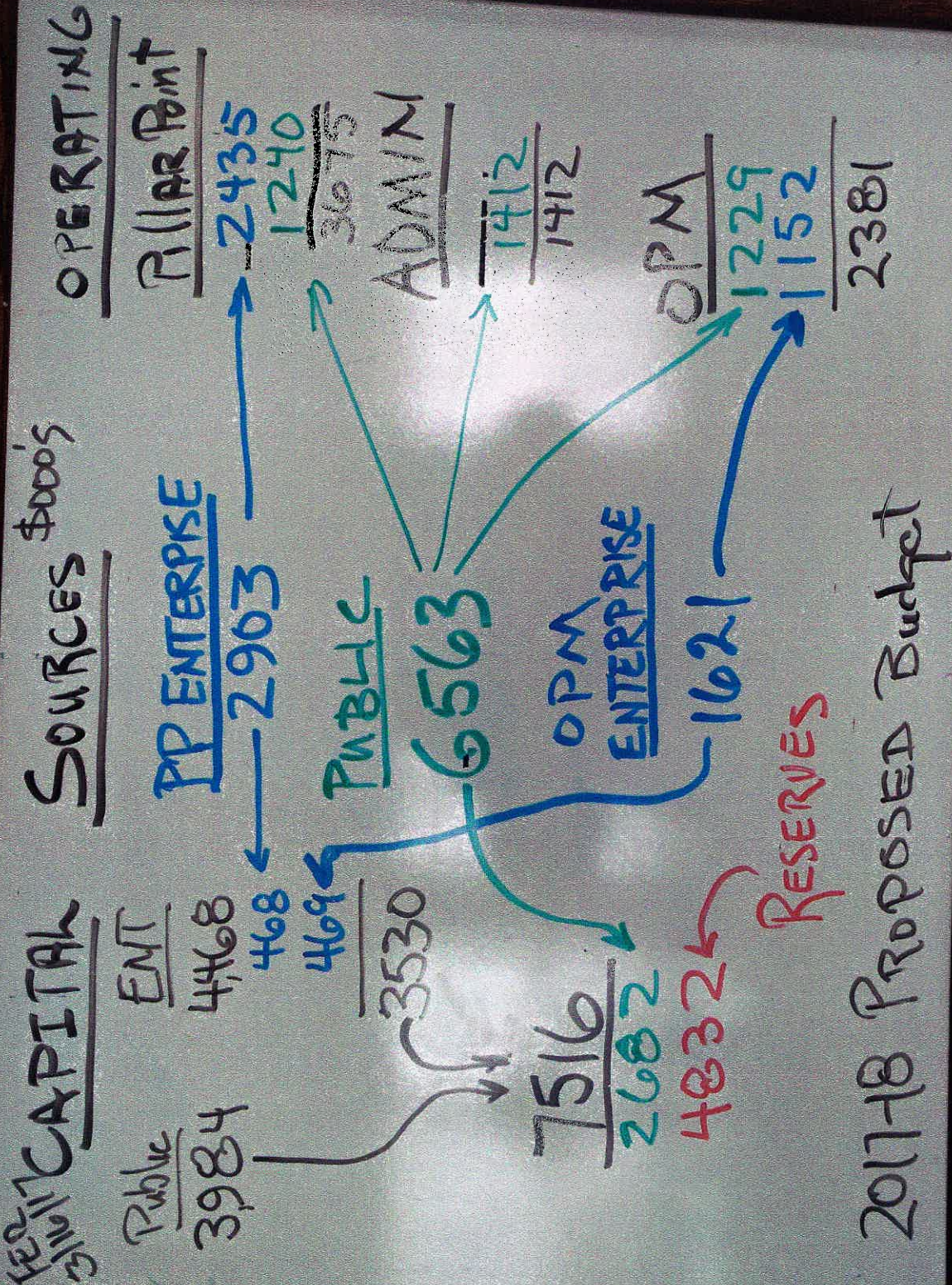
**Ayes:** All in favor.

  
Debbie Gehret  
Deputy Secretary

  
Tom Mattusch  
President



**The following materials were distributed by the  
Public or the Deputy Clerk  
to the Board of Commissioners  
at the Board Meeting.**



2017-18 Proposed Budget

SAN MATEO COUNTY HARBOUR DISTRICT  
 2017-18 BUDGET SUMMARY  
 OPERATING  
 \$000'S

FEB 5/16/17

	PILLAR	OPM	ADMIN	TOTAL
<u>OPERATING ENTERPRISE</u>				
REVENUE	2903	1621	--	4524
EXPENSES:				
SALARIES	1299	553	558	2410
OTHER	520	264	392	1176
Alloc Admin	516	335	1950	--
TOTAL	<u>2435</u>	<u>1152</u>	<u>--</u>	<u>3587</u>
PROFIT/(LOSS)	<u>468</u>	<u>469</u>	<u>--</u>	<u>938</u>
<u>Public</u>				
EXPENSES:				
SALARIES	886	832	830	2548
OTHER	354	397	582	1333
TOTAL	<u>1240</u>	<u>1229</u>	<u>1412</u>	<u>3881</u>
Public REVENUE				
TAX				6500
OTHER				63
TOTAL				<u>6563</u>
NET OPERATING SURPLUS				<u>2682</u>
TOTAL ENTERPRISE + Public				3620
Source Page 12-45	33 page	4/19/17		

SAN MATEO COUNTY HARBOR DISTRICT  
 2017 CIP FUNDING SOURCES  
 \$000's

FEB 5/16/17

			PILAR	OPNI	ADMIN	TOTAL
<u>ENTERPRISE</u>						
	CIP PROJECTS		2780	1688	—	4468
	FUNDS AVAILABLE OPERATIONS		468	469	—	938
	<u>FUNDING SHORTFALL</u>		<u>          </u>	<u>          </u>		<u>          </u>
	FUNDED by Public		<u>2312</u>	<u>1219</u>		<u>3530</u>
	<u>Public</u>					
	CIP PROJECTS		3672	313		3984
	TOTAL CIP PROJECTS		<u>5984</u>	<u>1532</u>		<u>7516</u>
 CAPITAL FUNDING Summary						
	TOTAL CAPITAL PROJECTS				8452	
	2017-18 OPERATING FUNDS					
	ENTERPRISE FUNDS				938	
	PUBLIC OPERATING FUNDS				2182	
	TOTAL OPERATING FUNDS				3120	
	FUNDED FROM RESERVES				4832	
	UNASSIGNED RESERVE AT BEGINNING YEAR				Budget 6940	3/17 TB (1) 11512
	USED FOR CIP PROJECTS				4832	4832
	UNASSIGNED RESERVE AT END OF YEAR				2108	6680
MORE THAN TBUDGET DUE TO LOWER CAPITAL SPENDING IN 2016-17						
(1)	3-17-TB	16819	TOTAL RES			
	2016-17 Bud	12247	TOTAL RES			
		4572	ASSUME OTHER CONSTANT			
		6940				
		11512				



SAN MATEO COUNTY HARBOR DISTRICT PER 5/10/17  
PROPOSED CIP 4 RESERVE FORECAST

4000'S

	2017-18	2018-19	2019-20	2020-21	2021-22	FY 2023+	TOTAL	W/O GRANTS	OPMA	ADMIN
Pillar Point	5510	7270	8720	9320	1220	3600	29640	5510	1976	3
LESS GRANTS		3750	7000	2100			12850	3520	2345	30
NET	5510	3520	1720	1220	1220	3600	16790	1720	2660	60
OPMA	1976	2346	2660	1600	1350	6800	16731	1220	1600	60
LESS GRANTS				400			400	2600	6800	400
NET	1976	2346	2660	1200	1350	6800	16331	16790	10331	493
ADMIN SYSTEMS:	3	30	-	60		400	493			
TOTAL DISTRICT FUNDS	7489	5895	4360	2480	2570	10800	33614			
RESERVE BEG Y	6940	3071	283	<1490>	<1616>	<2188>	6940			
ADDITION OPER	3620	3077	2697	2892	2000	6900	19686			
EXPENDITURES	7489	5895	4360	2480	2570	10800	33614			
RESERVE END Y	3071	283	<1490>	<1616>	<2188>	<698>	<698>			
<p>(1) FY 2016-17 FINAL ADOPTED BUDGET</p> <p>DISTRICT OFFICE 1526          A/P LIABILITY 472          CUSTOMER DEP 252          TERMINATION BENEFIT 3017 (5)          UNASSIGNED 6940          TOTAL 12247</p> <p>(2) REDUCED 25% TO REFLECT INCREASING UNCERTAINTY</p> <p>(3) 2023 - SKY = 3 YEARS FOR NEXT 3 YEARS THEREAFTER @ 2 MIL/YEAR</p> <p>(4) OPERATING FUNDS AVAILABLE ARE LESS THAN ANNUAL DEPRECIATION CHARGE 3 YEAR 2019</p> <p>(5) 13247 IS BUDGET RESERVES. THERE PROBABLY WILL BE A CAPITAL PROJECT CARRY OVER WHICH WILL ADD TO BALANCE EXPENDITURES EMB067C 2016-7 4556</p>										

San Mateo County Harbor District  
 Consolidated Budget

	FY 16 17 Final Budget		Adopted Preliminary FY 17-18 17 18	FY 17-18 Final	Variance
<b>Revenue:</b>					
Enterprise Revenues	\$ 4,204,800		\$ 4,523,921	\$ 4,523,921	\$ -
Non Operating Revenue	\$ 6,227,000		\$ 6,563,300	\$ 6,563,300	\$ -
<b>Total Revenues:</b>	<b>\$ 10,431,800</b>		<b>\$ 11,087,222</b>	<b>\$ 11,087,222</b>	<b>\$ -</b>
<b>Expense:</b>					
Salaries and Benefits	\$ 4,773,513		\$ 4,957,758	\$ 4,969,482	\$ 11,723
Operating Excluding Personnel	\$ 3,254,997		\$ 2,509,700	\$ 2,539,700	\$ 30,001
<b>Total Operating Expense</b>	<b>\$ 8,028,511</b>		<b>\$ 7,467,458</b>	<b>\$ 7,509,182</b>	<b>\$ 41,724</b>
<b>Net Operating Profit/(Loss)</b>	<b>\$ 2,403,289</b>		<b>\$ 3,619,764</b>	<b>\$ 3,578,040</b>	<b>\$ (41,724)</b>
<b>Non - Operating Expense (Debt)</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	
<b>Capital Expenditures</b>	<b>\$ 4,556,000</b>		<b>\$ 8,452,500</b>	<b>\$ 7,489,500</b>	<b>\$ (963,000)</b>
<b>Total Expenditures</b>	<b>\$ 12,584,511</b>		<b>\$ 15,919,958</b>	<b>\$ 14,998,682</b>	<b>\$ (921,276)</b>
<b>Net of Balance Sheet Cash Flows</b>					
<b>Increase (Reduction) to Reserves</b>	<b>\$ (2,152,711)</b>		<b>\$ (4,832,737)</b>	<b>\$ (3,911,461)</b>	<b>\$ 921,276</b>
			\$ -	\$ -	
<b>Total Reserves</b>	<b>\$ 12,247,289</b>		<b>\$ 12,210,263</b>	<b>\$ 13,407,362</b>	<b>\$ 1,197,099</b>

## San Mateo County Harbor District

<b>Policies and Procedures</b>	<b>Number:</b> 4.3.1	<b>Date:</b> 5/18/98 <u>4/19/2017</u>	<del>Revision</del> <b>Revision:</b> Number 1
<b>Title:</b> Purchasing and Procurement	<b>Prepared By:</b> AMWL/PG	<b>Approved By:</b> PG Revised Policy Board of Harbor Commissioners Revised Procedures Steve McGrath	<b>Page:</b> Page 1 of 11
<b>Purpose:</b> To implement purchasing procedures to ensure appropriate controls are maintained over the purchase and payment of goods and services for the District.			

### STATEMENT OF POLICY:

~~It is the policy of the San Mateo County Harbor District to have procedures in place which will ensure responsible requisition, approval, acquisition, and payment for all purchases of goods and services using District Funds.~~

### STATEMENT OF POLICY:

The San Mateo County Harbor District's procurement policy is in furtherance of the following goals and general principles:

- 1) To promote the greatest economy and efficiency for the District,
- 2) To provide safeguards to maintain a procurement policy of quality and integrity,
- 3) To instill public confidence in the procurement process of the District and adherence to proper standards of conduct by all District personnel,
- 4) To ensure fair and equitable treatment for all vendors who seek to deal with the District,
- 5) To foster maximum open and free competition in the expenditure of public funds, and
- 6) To maintain procurement policies and procedures to ensure compliance with applicable local, state, and federal laws and regulations.

All procurement transactions, regardless of whether negotiated or advertised and without regard to dollar value, must be conducted so as to provide maximum open and free competition. Positive efforts must be made by the District to utilize San Mateo County businesses and sources of supplies and services and every effort must be made to allow such sources the maximum feasible opportunity to compete for contracts with the District. The following set of procurement and contracting policies have been developed based on these goals and general principles.

<p align="center"><b><u>Policies and Procedures</u></b></p>	<p><b><u>Number:</u></b> 4.3.1</p>	<p><b><u>Date:</u></b> 5/18/98 4/19/2017 5/18/98</p>	<p><b><u>Revision:</u></b> 1 Number 1</p>
<p><b><u>Title:</u></b> Purchasing and Procurement Purchasing Procedures</p>	<p><b><u>Prepared By:</u></b> AMWL/PG AMWL/PG</p>	<p><b><u>Approved By:</u></b> PG PG Revised Policy Board of Harbor Commissioners Revised Procedures Steve McGrath</p>	<p><b><u>Page:</u></b> Page 2 of 11 Page 2 of 5</p>

**DESCRIPTION OF POLICY**

**A. Conflicts of Interest**

No Commissioner, officer, employee or agent of the District shall participate in any procedure, task, or decision relative to initiation, evaluation, award, or administration of a contract if a conflict of interest, real or apparent, exists. Such a conflict of interest arises when (a) the Commissioner, officer, employee or agent, (b) any member of his or her immediate family, (c) his or her business associate, or (d) an organization which employs, or which is about to employ, any of the above described individuals has a financial or other interest in a firm that participates in a District procurement process or that is selected for a contract award. The standards governing the determination as to whether such an interest exists are set forth in Sections 1090, 1091, and 1091.5 of the California Government Code and the California Political Reform Act.

**B. Methods of Procurement**

1. All purchases and contracts, whether by informal bidding, formal bidding or proposals, shall be made on a competitive basis to the greatest extent practicable.
2. The method of procurement shall be appropriate for the type of project or procurement and shall be in the best interest of the District.
3. Public Works. Formal competitive bidding must be used for construction, alteration, repair, or improvement of any public structure, building or road whenever the estimated expenditure for such work exceeds \$5,000 or more and, for new construction, whenever the estimated expenditure for such work exceeds \$10,000 or more.
4. Equipment, Materials, and Supplies Over \$15,000. Formal competitive bidding may be used when purchasing equipment, supplies, or materials over \$15,000, but a competitive proposal process using a "best value" approach may be used in circumstances where it is determined to be in the best interest of the District. "Best value" means a process in which the overall combination of quality, price, and other elements such as reliability, standardization, vendor track record, warranty, and life cycle costs are considered together to determine which proposal provides the greatest overall benefit to the District. On a case by case basis, and in

<p align="center"><b><u>Policies and Procedures</u></b></p>	<p><b><u>Number:</u></b> 4.3.1</p>	<p><b><u>Date:</u></b> 5/18/98 4/19/2017 5/18/98</p>	<p><b><u>Revision:</u></b> 1 Number 1</p>
<p><b><u>Title:</u></b> Purchasing and Procurement Purchasing Procedures</p>	<p><b><u>Prepared By:</u></b> AMWL/PG AMWL/PG</p>	<p><b><u>Approved By:</u></b> PG PG Revised Policy Board of Harbor Commissioners Revised Procedures Steve McGrath</p>	<p><b><u>Page:</u></b> Page 3 of 11 Page 2 of 5</p>

particular when a procurement involves a combination of goods and services, the General Manager, or designee, shall make the determination of whether a "best value" approach is in the best interest of the District.

5. Equipment, Materials, and Supplies Between \$5,000 and \$15,000. An informal procurement method may be used for the purchase of materials, equipment, or supplies when the estimated expenditure is between \$5,000 and \$15,000. To the extent practicable, such a method will involve obtaining a minimum of three quotations, either written or oral, that permit prices and other terms to be compared. Adequate outreach will be made to ensure open and free competition, and that small businesses, and local vendors are notified of contract opportunities.
6. Services Over \$5,000. Formal competitive proposals, which use a "best value" approach to consider and evaluate factors in addition to price, will be used to retain professional services when the estimated expenditure exceeds \$5,000. Specialized State and federal laws may apply to the procurement of architecture and engineering services regardless of the estimated expenditure.
7. Services, Equipment, Materials, and Supplies Less Than \$5,000. If the estimated cost of the acquisition of service, materials, equipment, or supplies does not exceed the sum of five thousand dollars (\$5,000.00), the General Manager may acquire the services or property requisitioned in the manner he or she deems most suitable.
8. Alternative methods of procurement may be permissible if authorized by state law.
9. The use of appropriate intergovernmental agreements is encouraged in order to reduce duplicative effort and to achieve cost economies.

**C. Procurement Documentation and Consideration of Bids and Proposals**

1. Formal competitive bidding requires preparation of bid documents that clearly set forth all requirements, which must be fulfilled in order for the bid

<b><u>Policies and Procedures</u></b>	<u>Number:</u> 4.3.1	<u>Date:</u> 5/18/98 4/19/2017 5/18/98	<u>Revision:</u> 1 Number 1
<u>Title:</u> Purchasing and Procurement Purchasing Procedures	<u>Prepared By:</u> AMWL/PG AMWL/PG	<u>Approved By:</u> PG PG Revised Policy Board of Harbor Commissioners Revised Procedures Steve McGrath	<u>Page:</u> Page 4 of 11 Page 2 of 5

to be responsive, and advertisement in accordance with legal requirements.

2. Whenever construction, alteration, repair, or improvement contracts are let by public bidding, notice of such shall be published by the General Manager as required by law, but at least two (2) consecutive times prior to the date set for opening bids, in a daily newspaper of general circulation printed and published in the County and designated by the Board, or for at least two (2) consecutive times prior to such date in a weekly newspaper printed and published in the County and designated by the Board. All bids for construction work must be presented under sealed cover and must be accompanied by one of the following forms of bidder's security: 1) Cash, 2) a cashier's check made payable to the District, 3) a certified check made payable to the District, 4) a bidder's bond executed by an admitted surety insurer, made payable to the District. An award, if made, will be to the lowest responsive and responsible bidder. All construction, alteration, repair, or improvement contracts and bid documents must comply with all other statutory requirements for public works contracts and bid documents.
3. Formal competitive proposals, including the "best value" approach for equipment, materials, and supplies, require issuance of Requests for Proposals, which clearly set forth all the requirements, and state the qualitative factors in addition to price, which will be used to evaluate and rank the Proposals. An award, if made, will be to the proposer receiving the highest consensus ranking, subject to successful negotiations with the District.
4. Any and all bids or proposals may be rejected by the District if it is in the District's best interest to do so.
5. The District may only contract with contractors who are trustworthy and are qualified and possess the ability to perform successfully under the terms and conditions of the proposed procurement.

D. Execution of Contract Documents

<p align="center"><b><u>Policies and Procedures</u></b></p>	<p><b><u>Number:</u></b> 4.3.1</p>	<p><b><u>Date:</u></b> 5/18/98 4/19/2017 5/18/98</p>	<p><b><u>Revision:</u></b> Number 1 Revision: Number 1</p>
<p><b><u>Title:</u></b> Purchasing and Procurement Purchasing Procedures</p>	<p><b><u>Prepared By:</u></b> AMWL/PG AMWL/PG</p>	<p><b><u>Approved By:</u></b> PG PG Revised Policy Board of Harbor Commissioners Revised Procedures Steve McGrath</p>	<p><b><u>Page:</u></b> Page 5 of 11 Page 2 of 5</p>

1. All District contracts and amendments will be in writing and executed prior to beginning performance under the contract.
2. The General Manager may execute all contracts on behalf of the District that are duly approved within the General Manager's authority. The President of the Board of Harbor Commissioners will sign contracts that require approval by the Board, unless otherwise delegated to the General Manager.

**E. General Manager's Procurement Authority**

- 4-3. The General Manager or his or her designee may award and execute agreements for equipment, supplies, materials, and services when the amount to be paid by the District does not exceed \$25,000, inclusive of any change orders.
4. The General Manager is authorized to approve change orders/amendments to contracts if the total contract value inclusive of the change order/amendment, does not exceed \$25,000, unless the Board has established a contract contingency and authorized the General Manager to approve change orders/amendments within that contingency. All other change orders/amendments must be approved by the Board of Harbor Commissioners.
5. Any changes in the General Manager's Procurement Authority may only be made by the Board.

**The General Manager is authorized to delegate to managers or other employees the responsibility and authority to approve purchases within the General Manager's procurement authority, which delegation must be in writing, include defined monetary limits; and be consistent with this Procurement Policy.**

**F. Protest Procedures**

Bidders may protest contracts that are let through formal competitive bidding or competitive negotiations. The General Manager is authorized to review and determine protests concerning contracts awarded within the General Manager's procurement authority. Bid protests for all other contracts not within the General Manager's

<b><u>Policies and Procedures</u></b>	<u>Number:</u> 4.3.1 4.3.1	<u>Date:</u> 5/18/98 4/19/2017 5/18/98	<u>Revision:</u> 1 Number 1
<u>Title:</u> Purchasing and Procurement Purchasing Procedures	<u>Prepared By:</u> AMWL/PG AMWL/PG	<u>Approved By:</u> PG PG Revised Policy Board of Harbor Commissioners Revised Procedures Steve McGrath	<u>Page:</u> Page 6 of 11 Page 2 of 5

procurement authority will be reviewed and determined by the Board of Harbor Commissioners upon recommendation by the General Manager and the District's Attorney. All protests will be in accordance with the written procedures established by the General Manager.

G. Contract Administration

The District shall administer all contracts to ensure that contractors conform with the terms, conditions, and specifications of all contracts and to ensure all purchases are received in a timely manner. Each contract file shall contain documentation concerning the contract administration, including, but not limited to, monitoring of the contract budget, change orders and final disposition. Undocumented actions on all contracts must be committed to written memoranda and promptly included in the contract file.

H. Emergency Contracts

The General Manager has been authorized by the Board of Harbor Commissioners to take all necessary and proper measures in emergency conditions to keep District services and facilities operational. When emergency conditions do not permit a delay resulting from a competitive solicitation for bids, the General Manager is authorized to make emergency purchases without giving notice for bids. The General Manager shall promptly report on the reasons and necessity for proceeding without a competitive solicitation for bids to the Board of Harbor Commissioners at the next available meeting (not later than 7 days after the action) or at the next regularly scheduled meeting (not later than 14 days after the action). The Board of Harbor Commissioners will review the emergency action at every regularly scheduled meeting thereafter until the emergency action is terminated and will vote, by four-fifths vote, that there is a need to continue the action.

I. Discretion to Waive the Competitive Process

The Board of Harbor Commissioners, or the General Manager for procurements within the General Manager's procurement authority, may waive the requirements for competitive procurement when it finds that doing so is in the District's best interest, and keeping in mind the fundamental principles of procurement set forth in this policy. In particular with regard to contracts for public works requiring competitive bidding, the Board of Harbor Commission may waive formal bidding requirements only when those requirements would be unavailing and such waiver is permissible under applicable law.



<b><u>Policies and Procedures</u></b>	<u>Number:</u> 4.3.1 4.3.1	<u>Date:</u> 5/18/98 4/19/2017 5/18/98	<u>Revision:</u> 1 Number 1
<u>Title:</u> Purchasing and Procurement Purchasing Procedures	<u>Prepared By:</u> AMWL/PG AMWL/PG	<u>Approved By:</u> PG PG Revised Policy Board of Harbor Commissioners Revised Procedures Steve McGrath	<u>Page:</u> Page 7 of 11 Page 2 of 5

The circumstances for waiving formal bidding requirements for public works projects must be evaluated on a case-by-case basis, in consultation with legal counsel.

J. Implementation

This Procurement Policy sets forth the standards and methods to be followed by the District in obtaining goods and services. The General Manager shall prepare written procedures concerning the purchase and procurement of equipment, supplies, materials and services for the guidance of managers and employees to ensure compliance with this chapter.

**DESCRIPTION OF PROCEDURE:**

This document defines the procedures used by all departments to purchase goods and services for the benefit of the San Mateo County Harbor District. Procedures used by the Finance Department to generate Purchase Orders, issue checks, and pay Bills and Claims are contained in other documents.

**Step 1 - Determination of Need**

Once it is determined that there is a need for goods or services, a request, sometimes referred to as a shopping list should be made to the Site Managers (Assistant Harbor Masters, Lead Maintenance Specialists). The Site Manager will make a decision whether this need is real or not, and if needed, will sign the request to document said approval.

**Step 2 - Requisition**

Once the need has been determined, and the priority assessed, the Site Managers will determine the pricing and availability of the product or service. The site manager may approve purchases to \$2,000.

A Requisition Form will be completed. Particular attention must be paid to the following items:

- Requisition Number - The Site will assign a unique, consecutive number to each requisition. This number will be used on all paperwork associated with the purchase.
- Project Account Code - The Finance Department will assign this number to track specific projects. The Site Manager will be provided with a list of all project account codes.
- General Ledger Account Number - Must be filled in by Site Manager.

<b><u>Policies and Procedures</u></b>	<u>Number:</u> 4.3.1	<u>Date:</u> 5/18/98 4/19/2017 5/18/98	<u>Revision:</u> Number 1 Number 1
<u>Title:</u> Purchasing and Procurement Purchasing Procedures	<u>Prepared By:</u> AMWL/PG AMWL/PG	<u>Approved By:</u> PG PG Revised Policy Board of Harbor Commissioners Revised Procedures Steve McGrath	<u>Page:</u> Page 8 of 11 Page 2 of 5

- Check whether purchase is for Public or Enterprise Function, or remain for allocation.
- Available Budget - Must be filled in by Site Manager.
- Type of Purchase - Must be filled in by Site Manager.
- Method of Payment - Must be filled in by Site Manager.

Name(s) of Additional Vendors - This section must be completed by Site Manager for all purchases over \$1000.00 to assure that competitive pricing has been obtained.

## San Mateo County Harbor District

<b>Policies and Procedures</b>	<b>Number:</b> 4.3.1	<b>Date:</b> 5/18/98	<b>Revision:</b> Number 1
<b>Title:</b> Purchasing Procedures	<b>Prepared By:</b> AMWL/PG	<b>Approved By:</b> PG	<b>Page:</b> Page 1 of 4
<b>Purpose:</b> To implement purchasing procedures to ensure appropriate controls are maintained over the purchase and payment of goods and services for the District.			

### STATEMENT OF POLICY:

It is the policy of the San Mateo County Harbor District to have procedures in place which will ensure responsible requisition, approval, acquisition, and payment for all purchases of goods and services using District Funds.

### DESCRIPTION OF PROCEDURE:

This document defines the procedures used by all departments to purchase goods and services for the benefit of the San Mateo County Harbor District. Procedures used by the Finance Department to generate Purchase Orders, issue checks, and pay Bills and Claims are contained in other documents.

#### Step 1 - Determination of Need

Once it is determined that there is a need for goods or services, a request should be made to the Site Manager.

The Site Manager will make a decision whether this need is real or not, and if needed, will assess a priority to acquisition. It will take about 2 weeks for a Purchase Order to be in the hands of the vendor.

#### Step 2 - Requisition

Once the need has been determined, and the priority assessed, the Site Manager will determine the pricing and availability of the product or service, the General Ledger account to be charged, the remaining budget, and the available funds.

A Requisition Form (Form - SMCDH901) will be completed. Particular attention must be paid to the following items:

- Requisition Number - The Site will assign a unique, consecutive number to each requisition. This number will be used on all paperwork associated with the purchase.
- Project Account Code - The Finance Department will assign this number to track specific projects. The Site Manager will be provided with a list of all project account codes.
- General Ledger Account Number - Must be filled in by Site Manager.
- Available Budget - Must be filled in by Site Manager.
- Type of Purchase - Must be filled in by Site Manager.
- Method of Payment - Must be filled in by Site Manager.

Name(s) of Additional Vendors - This section must be completed by Site Manager for all purchases over \$500.00 to assure that competitive pricing has been obtained.

<b>Policies and Procedures</b>	<b>Number:</b> 4.3.1	<b>Date:</b> 5/18/98	<b>Revision:</b> Number 1
<b>Title:</b> Purchasing Procedures	<b>Prepared By:</b> AMWL/PG	<b>Approved By:</b> PG	<b>Page:</b> Page 2 of 4

### Step 3 - Approvals

The Site Manager has been granted approval authority by the General Manager for purchases of goods or services up to \$500.00 in accordance with the approved budget. Competitive pricing should always be obtained. Completed requisitions should be forwarded to the Director of Finance for further processing.

The completed requisition for goods and services above \$500.00 should be forwarded to the General Manager for approval and further processing. Goods and Services above \$5,000 will require additional approval by the Board of Harbor Commissioners. Competitive pricing is required. The approved requisition, along with a Purchase Order Request (Form - SMCHD902) should be forwarded to the Director of Finance for processing and transmission to the appropriate vendor.

### Step 4 - Acquisition

When a purchase is \$500.00 or less and the Site Manager has approved the purchase, the Site Manager or his or her designate can proceed with acquisition of the goods or services:

- Purchase/Acquisition shall not be made until all approvals are in place.
- Competitive pricing shall always be obtained.
- Purchase will be paid for using one of the following methods:
  - ◊ Open Purchase Order - The Director of Finance will notify each Site Manager of open purchase orders affecting the site. An open purchase order is the preferred method of payment where one is in place.
  - ◊ Petty Cash - May be used for all purchases of \$50.00 or less.
  - ◊ District Credit Card - May be used for purchases up to \$500.00. This is the method usually reserved for gasoline and oil purchases for District vehicles.
  - ◊ District Off-line Check - May be used for purchases to \$500.00. This is the method generally used for purchases between \$50.00 and \$500.00, and not covered by an open purchase order.

When a purchase is greater than \$500.00 the General Manager will solicit competitive pricing using appropriate procedures specified in the Ordinance Code of 1996:

- For amounts less than \$5,000.00 the General Manager may acquire the property in the manner he or she deems most suitable, however, shall always seek and solicit competitive pricing.
- For amounts between \$5,000.00 and \$15,000.00 the General Manager shall obtain written bids from vendors. The General Manager may solicit the bids by advertisement, telephone, letter, or in any other manner which obtains at least three (3) bidders, qualified to provide the required purchase at competitive pricing.
- For amounts greater than \$15,000.00 the General Manager shall advertise and solicit sealed bids for the procurement of the items. The bidding process shall be in accordance with Section 2.7.4.1.5 of the Ordinance Code of 1996.

Once the appropriate vendor has been selected, the General Manager shall complete a Purchase Order Request (Form - SMCHD902) and transmit same to the Director of Finance for processing. The Director of Finance will direct a purchase order to be generated, which will in turn encumber the necessary funds. The Director of Finance will cause the purchase order to be delivered to the appropriate vendor.

<b>Policies and Procedures</b>	<b>Number:</b> 4.3.1	<b>Date:</b> 5/18/98	<b>Revision:</b> Number 1
<b>Title:</b> Purchasing Procedures	<b>Prepared By:</b> AMWL/PG	<b>Approved By:</b> PG	<b>Page:</b> Page 3 of 4

**Step 5 - Payment**

Payment for goods or services is effected using one of the following methods:

- Petty Cash - May be used on the authority of Site Manager to pay for purchases of less than \$50.00. The purchase must be supported by the following documentation:

- ◊ Requisition - Must be completed prior to acquisition of the items.
- ◊ Receipt/Delivery Ticket - Proof that the goods were acquired.
- ◊ Petty Cash Receipt - Proof that the funds were expended.

All of the foregoing items are to be attached together and should be submitted to the Director of Finance with the Petty Cash reconciliation.

- District Credit Card - May be used on the authority of Site Manager to pay for purchases of less than \$500.00. Usually reserved for Gasoline and Oil purchases for District vehicles. The purchase must be supported by the following documentation:

- ◊ Requisition - Must be completed prior to acquisition of the items.
- ◊ Credit Card Receipt - Proof that the goods were acquired and that the District credit card was used.

All of the foregoing items are to be attached together and should be submitted to the Director of Finance.

- District Off-line Check - May be used for goods or services between \$50.00 and \$500.00 and not covered by an open purchase order. Reserved for those items which cannot be paid using Petty Cash or District credit card, or cannot wait for regular, District checks through the Bills and Claims process. The purchase must be supported by the following documentation:

- ◊ Requisition - Must be completed prior to the acquisition of the items.
- ◊ Check Request (Form - SMCHD903) - Must be completed in its entirety to request a District Off-line Check.

Once the purchase has been completed and the goods or services received, the following additional items are to be attached together and should be delivered to the Director of Finance:

- ◊ Requisition - Copy of original requisition.
- ◊ Receipt/Delivery Ticket - Proof that the goods were acquired.

- District Check, Normal Bills and Claims - Used for all goods and services that are acquired through the purchase order system. This includes one-time or open purchase orders. The purchase must be supported by the following documentation:

- ◊ Requisition - Must be completed prior to the acquisition of the items.
- ◊ Receipt/Delivery Ticket - Proof that the goods or services were acquired.

All of the foregoing items are to be attached together and should be submitted to the Director of Finance.

<b>Policies and Procedures</b>	<b>Number:</b> 4.3.1	<b>Date:</b> 5/18/98	<b>Revision:</b> Number 1
<b>Title:</b> Purchasing Procedures	<b>Prepared By:</b> AMWL/PG	<b>Approved By:</b> PG	<b>Page:</b> Page 4 of 4

## **SUMMARY OF PROCEDURES:**

1. Need is determined and communicated to Site Manager.
2. A Requisition is prepared for all purchases of goods or services.
3. Each department must maintain a Requisition and Purchasing Log. This will enable the Manager to track all acquisitions by his or her department.
4. The initiating Manager must check for available budget and funding prior to submitting the Requisition. If budget or funds are not available the General Manager must be consulted before proceeding further.
5. Site Manager completes Requisition Form with suggested vendor and submits to General Manager or Director of Finance, depending on dollar value of goods or services.
6. If greater than \$500.00, General Manager reviews requisition and, if approval is granted, issues a Purchase Order Request to the Director of Finance.
7. Director of Finance verifies available budget and funds. If budget and funds are available instructs staff to prepare purchase order and mails purchase order to vendor.
8. If purchase is \$500.00 or less, Site Manager determines method of payment, places order, and if necessary prepares check request and forwards to Director of Finance.
9. For all purchases, the Site Manager must forward all receiving documents or some proof of receipt of goods or performance of service to Accounts Payable for verification prior to payment.
10. The Director of Finance will assure that Managers are provided with managerial finance reports on a regular basis.
11. Cut off dates for **Bills and Claims** will continue to be 12 days prior to the Commission meeting. For example, if the Commission meeting is scheduled for June 5th, the cutoff would be May 24th. This early cutoff is necessary to meet the agenda package deadline, which is one week prior to the meeting thereby allowing the Clerk to the Board to put the agenda package together.
12. Accounts Payable processes invoices, attaching purchase approval and proof of receipt of goods or performance of service. The bills and claims report is prepared and submitted to the Board of Harbor Commissioners for their approval.

### **Other Related Policies and Procedures**

Petty Cash Policy and Procedures  
Employee Expense Reimbursement Policy and Procedures  
Purchase Order Policy and Procedures  
Off-Line Check Policy and Procedures  
**Bills and Claims Policy and Procedures**

Original dated 8/14/96  
Revision #1 dated 5/18/98

Chapter 2.35

CONTRACTING AND PURCHASING PROCEDURES

Sections:

- 2.35.010 Construction or repair contracts – Procedure.
- 2.35.020 Requests for proposals.
- 2.35.030 Purchases for District.
- 2.35.040 Purchase procedure.
- 2.35.050 Disposal of unneeded District property.
- 2.35.060 Independent contractors.
- 2.35.070 Criteria for determining lowest responsible bidder.
- 2.35.080 Policy to provide maximum open and free competition.
- 2.35.090 Exceptions to bidding requirements.
- 2.35.100 Remedies, sanctions and penalties.

**2.35.010 Construction or repair contracts – Procedure.**

~~A. Construction and repair contracts shall be let in accordance with the general law and shall be let only after public bidding whenever the cost exceeds five thousand dollars (\$5,000.00), except that work consisting solely of new construction is required to be awarded upon competitive bidding only if it exceeds in cost the sum of ten thousand dollars (\$10,000.00).~~

~~B. Whenever such contracts are let by public bidding, the Board of Harbor Commissioners shall adopt plans, profiles, cross sections, specifications, and other contract documents, including a form of agreement, which contract documents shall have first been approved by the District's attorney, and shall issue a call for sealed bids, notice of which shall be caused to be published by the General Manager as required by law but at least two (2) consecutive times prior to the date set for opening bids, in a daily newspaper of general circulation printed and published in the County and designated by the Board, or for at least two (2) consecutive times prior to such date in a weekly newspaper printed and published in the County and designated by the Board.~~

~~C. All bids for construction and/or repair shall be publicly opened by the General Manager of the District and the contract shall be awarded to the lowest responsible bidder; provided, that in any case the Board may reject all bids and advertise for new bids.~~

~~D. The District Engineer shall make his or her recommendation to the Board of Harbor Commissioners as to the award of any such contract, prior to Board action thereon. Upon the complete execution of the contract, the original thereof, together with the original bonds and certificates, shall be filed in the business office of the District. [Amended through codification process of 1995, Ord. 74 96. Code 1996 § 2.7.1; prior code § 4.101.]~~

**2.35.020 Requests for proposals.**

~~A. Before the District enters into independent contracts for engineering services, architectural services, management consultants or similar one (1) time professional assistance to accomplish specified projects, requests for proposals shall be obtained if the expense of the contract is estimated to exceed five thousand dollars (\$5,000.00). The request for proposal shall be in accordance with administrative procedures promulgated by the General Manager.~~

~~B. The Board of Harbor Commissioners may waive any of the provisions of this chapter which require requests for proposals in any situation where the Board of Harbor Commissioners determines that the best interest of the District would be served without the necessity of requests for proposals. [Amended through codification process of 1995, Ord. 74 96. Code 1996 § 2.7.2; prior code § 4.102.]~~

**2.35.030 — Purchases for District.**

~~It shall be the duty of the General Manager to acquire by purchase, lease, lease purchase, or other suitable method all personal property including, but not limited to, all stationery, clothing, first aid supplies, equipment, machinery, motor vehicles, materials and supplies required by any manager, when such manager shall make requisition upon him a requisition form prepared and furnished by the General Manager, subject to such approval process as may be~~

**2.35.050 — Disposal of unneeded District property.**

Whenever any item of District personal property is, in the opinion of the General Manager, surplus and no longer needed by the District, the General Manager may sell, by sealed bid or public auction, or otherwise dispose of such property and pay the proceeds into the District treasury. However, if the estimated value of such surplus property exceeds, in the opinion of the General Manager, the sum of ten thousand dollars (\$10,000.00), the General Manager shall first report such fact to the Board of Harbor Commissioners and obtain the Board of Harbor Commissioners' approval prior to any disposition of such property. [Amended through codification process of 1995, Ord. 74-96. Code 1996 § 2.7.5; prior code § 4.105.]

**2.35.060 — Independent contractors.**

The General Manager shall have the duty to engage independent contractors to perform sundry services for the District and the offices thereof, with or without the furnishing of materials, when the aggregate cost does not exceed the amount of five thousand dollars (\$5,000.00). Any engagement exceeding the amount of five thousand dollars (\$5,000.00) shall come before the Board of Harbor Commissioners for approval. Such arrangements may be made without the formality of preparing specifications or obtaining bids. Said independent contractors shall file with the General Manager a certificate that they are insured pursuant to the worker's compensation provisions of the Labor Code. [Amended through codification process of 1995, Ord. 74-96. Code 1996 § 2.7.6; prior code § 4.106.]

**2.35.070 — Criteria for determining lowest responsible bidder.**

Criteria to determine the acceptability of bids on construction contracts requiring public bidding and involving an expenditure of five thousand dollars (\$5,000.00) or more shall include, but not be limited to, the following:

A. Certification that the bidder is in compliance with laws prohibiting discrimination; and

B. Certification that the bidder is in compliance with the requirements of all Federal and State laws relating to employment; and

C. Certification that the bidder is in compliance with the provisions of this chapter and any other requirements adopted by the Board of Harbor Commissioners implementing them. [Amended through codification process of 1995, Ord. 74-96. Code 1996 § 2.7.7.]

**2.35.080 — Policy to provide maximum open and free competition.**

All procurement transactions, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted so as to provide maximum open and free competition. Positive efforts shall be made by the District to utilize San Mateo County businesses and sources of supplies and services and every effort shall be made to allow such sources maximum feasible opportunity to compete for contracts with the District. [Amended through codification process of 1995, Ord. 74-96. Code 1996 § 2.7.8; prior code § 4.108.]

**2.35.090 — Exceptions to bidding requirements.**

Subject to the approval of the General Manager of the District, bidding requirements shall not be required under the following circumstances:

A. Supplies and equipment are being purchased from agencies of the Federal or State government or through the purchasing department of the County of San Mateo;

B. The material or service to be procured is available from only one (1) source or firm;

C. The contract is for personal or professional services or for any service to be rendered by a university, college or other educational institution;

D. Purchases are for highly perishable materials or medical supplies, for material or services where the prices are established by law, for technical items or equipment requiring standardization and interchangeability of parts with existing equipment, for experimental, developmental or research work, for supplies purchased for authorized resale, and for technical or specialized supplies requiring substantial initial investment for manufacture;

E. The aggregate cost of the supplies and equipment does not exceed five thousand dollars (\$5,000.00). [Amended through codification process of 1995, Ord. 74-96. Code 1996 § 2.7.9; prior code § 4.109.]

**2.35.100 — Remedies, sanctions and penalties.**

All contracts for the District shall contain such contractual provisions or conditions which will allow for administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. [Code 1996 § 2.7.10; prior code § 4.110.]



**From:** Sabrina Brennan sabrina@dfm.com  
**Subject:** Anchor QEA OPM Facilities Assessment

**Date:** May 9, 2017 at 1:57 PM

**To:** mike.futrell@ssf.net

**Cc:** Steve McGrath smcgrath@smharbor.com, John Moren JMoren@smharbor.com, Sabrina Brennan SBrennan@smharbor.com, Steven Miller smiller@hansonbridgett.com

---

Hello Mike,

I hope you're enjoying the Spring weather!

I'm emailing to request a PDF of the Anchor QEA Oyster Point Marina Facilities Assessment.

In 2016, I recall that you discussed the assessment at City Council meetings.

It's my understanding that it may not be final yet. I'd like to read the Draft that you shared with Steve McGrath or a final document if one has been prepared.

My District email address is: [SBrennan@smharbor.com](mailto:SBrennan@smharbor.com)

Thank you,  
Sabrina Brennan  
415-816-6111

From: Ed Carter  
To: All Interested Parties

May 6, 2017

### **Oyster Point Marina JPA Rewrite Considerations**

This is in response to recent meetings, Staff Reports, 5 Year Capital Improvement Project Summary (CIP) and proposals involving a possible Oyster Point Marina (OPM) JPA Rewrite/Update by South San Francisco (SSF) and the San Mateo County Harbor District (HD).

I strongly suggest that the Harbor District limit any JPA update to the current term of the JPA and make no new capital investments at OPM.

SSF has publicly threatened to push for dissolution of the HD if it does not “go along” with funding massive new capital investment at OPM. This undermines any future partnership and strongly suggests that SSF was involved in the Grand Jury inquiries and other behind the scenes maneuvering to dissolve the HD. This antagonism should caution the HD commissioners against extending the JPA.

The LAFCO Municipal Services Review (MSR) and Grand Jury Report both cite a long history of HD operating deficits as justification for its dissolution. The OPM JPA is a significant contributor to these deficits. Continued revenue deficiencies may lead to dissolution of the HD if the San Mateo County Board of Supervisors decides to do so. There has been no economic study completed of the projected return on investment of the HD’s proposed OPM CIP items. I would argue that an accurate projection is impossible until after the OPD project is completed and fully leased for a year or more. Failure of any additional capital investment in enterprise projects, to produce adequate revenues, would further jeopardize the future of the HD.

JPA land that previously provided revenue to the HD has been transferred to a private developer. This revenue will not be replaced. Reduction in the land area in the JPA and development of adjacent, previously JPA controlled property, by others (Oyster Point Development, OPD) makes prediction of future productive use of the remaining “substandard” JPA property very difficult. The Marina has long had excess capacity, over 20% of the berths are not currently rented. Future parking for the existing western berths will be reduced by fifty percent. Therefore, access to these berths will be more difficult. Existing boat maintenance facilities will be gone. No one can predict how these changes will affect the demand for marina facilities.

SSF appears to believe the HD will supply all of the capital for future development by the OPM JPA. The HD does not own the land or have a long-term lease (nor should it want either) to justify any more capital investment at OPM.

The JPA has not developed the landside facilities of the marina significantly since its inception. There is no reason to believe this will change in the future. The OPM CIP includes \$250,000 in Planning, specifications and engineering investment in landside

development in 2017-18 without a hint as to the nature of successful enterprise activity that might be developed there.

JPA property has been reduced to only the most exposed and unstable area of the old landfill. Barriers to future landside development include the landfill legacy problems of hazardous waste, subsidence and geotechnical issues complicated by projected sea rise. Extension of the JPA may also result in HD being held responsible for problems associated with hazardous waste deposits at the site that existed before the JPA was formed. These issues will result in limitations on what can be built including increased costs of construction. Further, the proposed 40,000 square feet available for new development in the remaining JPA Property is: small, irregular in shape, landlocked and otherwise limited in its use by adjacent trails and planned hotel development on adjacent property..

The HD has challenging issues at Pillar Point Harbor (PPH), including: the demand for more and larger berths, implementation of the PPH 5 year CIP, water quality improvement, landside development supporting existing enterprise activity tenants, expansion of enterprise activity, ADA compliance, dredging and beach enhancement. The HD should utilize all of its available and future capital resources at PPH in order to fulfill its mission statement: **“To assure that the public is provided with clean, safe, well-managed financially sound and environmentally pleasant marinas”**. If it continues in the OPM JPA with a business as usual approach the operating losses will continue and the HD will not be able to fulfill this mission at either PPH or OPM.

#### **Conclusion:**

Given the above it is difficult to understand the apparent willingness of the HD to expend its resources on this failed JPA partnership. The HD should set future priorities based upon the LAFCO MSR and Grand Jury comments. This will help direct staff and make future planning fact based and goal oriented

HD has experienced consistent operating losses under the JPA. Future marina development and landside enterprise activity at OPM should be left to the landowner, SSF. All future HD tax revenue should be reserved for use at PPH.

While it may be desirable for the HD to have a continued presence at Oyster Point it is under no obligation to invest in additional capital projects at OPM. It makes no sense to build SSF and their developer partner OPD a shiny new marina with San Mateo County Taxpayer money.

The currently proposed OPM CIP should be suspended. The HD should limit its future involvement with the JPA and OPM to operation and maintenance of the marina under a cost plus contract, with SSF funding all CIP and operating losses. The HD should look for partners and other funding sources to support its public access and marine safety activities at OPM. Without implementing these strategies it may be impossible for the HD to achieve revenue neutral operations at OPM.



## San Mateo County Harbor District Board of Harbor Commissioners

"To assure that the public is provided with clean, safe, well-managed,  
financially sound and environmentally pleasant marinas."

### REGULAR MEETING MINUTES

March 15, 2017  
6:30 PM

Municipal Services Building  
33 Arroyo Drive  
South San Francisco, CA 94080

**A.) Roll Call** – All Commissioners present.

#### **B.) Public Comments/Questions**

- Bob and Sherry Ingles - HMB Sportfishing and 'Queen of Hearts.' Have a long history at PPH; assist District in any way they can.
- Jim Drake = Drake Marine. Would like to get onto the Agenda to discuss dry boat storage at Oyster Point Marina.

#### **C.) Commissioner Comments**

- Commissioner Bernardo stated that he needs to leave at 8:00 PM due to a family emergency.
- Commissioner Chang Kiraly said that she also needed to leave at 8:00 PM.
- Commissioner Brennan said that she wanted to get an update regarding the West Shoreline Trail from staff.
- Commissioner Mattusch read prepared comments regarding Board/Staff roles; Committees and Board norms (attached).
- Commissioner Brennan commented to clarify that the Board and committees work for the Public.

#### **D.) Consent Calendar**

**ITEMS PULLED FROM THE CONSENT CALENDAR WILL BE HEARD AFTER DISCUSSION ITEMS.**

**Motion:** (Chang Kiraly/Bernardo) Approve all Consent items except for Item 5.

**Ayes:** Bernardo, Chang Kiraly, Mattusch

**Nays:** Brennan, Larenas

1. Bills and Claims (Chan)
2. Minutes –Regular Meeting January 18, 2017 (Gehret)
3. Minutes –Special Meeting February 15, 2017 (Gehret)
4. Minutes –Regular Meeting February 15, 2017 (Gehret)
6. Resolution No.17-01 Authorized List Signatures with San Mateo County Treasurer’s Office (Lazof)
7. Activity Reports (McGrath/Lazof/Moren)
8. California Canoe & Kayak’s Commercial Activity Permit (Moren)
9. Pillar Point Harbor West Trail Erosion Protection Project and Recent Mudslide (Moren)
10. H Dock Demolition and Replacement Pillar Point Harbor (Moren)

## **E.) Discussion**

President Mattusch chose to reorder the Agenda, taking items that required a vote first, due to two Commissioners leaving the Meeting early.

### **19. Cartel Inc. Permit and Surf Contest (Brennan)**

Information only.

- Emily Charley, Attorney from Hanson Bridgett, reported that the Bankruptcy Court set April 28, 2017 as the Bar Date for creditors to file Proofs of Claim and Interest in the Chapter 11 Case filed by Debtor Cartel Management, Inc. The bankruptcy is being administered by the U. S. Bankruptcy Court, Central District of California.

### **18. Discuss and approve the creation and/or development of policies and procedures under which the Board will govern itself. (Chang Kiraly)**

**Motion** (Chang Kiraly/Bernardo) to appoint an Ad Hoc Committee which will return with recommendations on District Board governance.

Per Counsel Steven Miller, the Board President is allowed to appoint to an Ad Hoc committee without the need for a motion. Motion is withdrawn by Commissioner Chang Kiraly, and the 2<sup>nd</sup> by Commissioner Bernardo.

President Tom Mattusch appoints Commissioner Chang Kiraly and himself for this Ad Hoc Committee.

Public Comment:

- John Ullom – ‘Roberts Rules of Order’ should be sufficient. Mr. Ullom handed out a Facebook posting.

**12. Pillar Point Harbor Sidewalk Expansion and Parking Lot Improvement (Moren)**

**Motion:** (Chang Kiraly/Brennan) Authorize the General Manager to issue a Task Order under the existing contract with CSG for the not-to-exceed amount of \$88,715 for additional design, engineering, bid and construction support services for Option 4, and additionally to direct staff to meet with the ADA consultant to take a second look at the plans for approval.

**AYES:** Motion passed unanimously.

**14. First Look at Rates and Fees Effective July 1, 2017; General and Oyster Point Marina and Park (Lazof)**

Public Comment:

- Bob and Sherry Ingles – have concerns about the increase for businesses that have been slow, and that the salmon season forecast is bleak. No retroactive CPI; poor fishing seasons impacted business.
- Bruce McPhillips – Has been at Oyster Point Marina since 1999 and has stated that services at OPM have diminished over the years and doesn't support an increase. No increase; diminished services at OPM.
- Captain William Smith – 'Riptide' – has been a part of the Harbor for many years. Considers Option the 3 the best option, but with business being poor and eroding away, would rather no increase. Need the support of the Harbor District. No increase; bad weather impacted business.
- Ralph Silberman – Tenant at Oyster Point Marina. Does not support raising rates and fees when services are being reduced at OPM. No increase; diminished services at OPM.
- John Prouty – been associated with Oyster Point Marina for many years. Does not want to see catch up of rates and fees while losing amenities. No retroactive CPI; diminished services at OPM.

**Motion:** (Bernardo/Brennan) Take no action at tonight's meeting, but bring back in April.

**Ayes:** Motion passed unanimously.

**5. Authorize Out of Scope Agreement with CASPIAN IT (Lazof)**

Submittal into the Public Record by Commissioner Chang Kiraly.

**Motion:** (Bernardo/Chang Kiraly) to NOT authorize the General Manager to execute additional work authorizations for project specific, out of scope items with Caspian IT, not to exceed \$50,000 through the end of the current contract December 16, 2019.

**Ayes:** Bernardo, Chang Kiraly

**Nays:** Brennan, Larenas, Mattusch

Public Comment:

- John Ullom – supportive of Caspian IT contractor.

8:28 PM Commissioners Bernardo and Chang Kiraly leave.

**Motion:** (Brennan/Larenas) to authorize the General Manager to execute additional work authorizations for project specific, out of scope items with Caspian IT, not to exceed \$50,000 through the end of the current contract December 16, 2019.

**Ayes:** Brennan, Larenas, Mattusch

**Absent:** Chang Kiraly, Bernardo

**13. 2017 Goals and Objectives (McGrath)**

Item Tabled until April 19, 2017 meeting.

**15. First Look; San Mateo County Harbor District 2017/18 Fiscal Year Budget (Lazof)**

Return Draft Preliminary Budget at April 19<sup>th</sup> meeting.

- *Items not heard at this Meeting:*

**11. Resource Conservation District - First Flush Water Quality Report Update (Moren)**

Not presented. Information only

**16. California Special District Association (CSDA); Nomination to Board of Directors for CSDA Election (McGrath)**

Unheard – will come back to April 19<sup>th</sup> meeting.

**17. Special District Risk Management Authority (SDRMA); Nomination to Board of Directors for SDRMA Election; Adopt SDRMA Resolution No. 17-02. (McGrath)**

Unheard – will come back to April 19<sup>th</sup> meeting.

**F.) Discussion/Action on Pulled Consent Items (if any)**

- G.) Adjournment:** 9:27 PM  
**Motion** (Brennan/Larenas) to adjourn.  
**Ayes:** Motion passed unanimously.

---

Debbie Gehret  
Deputy Secretary

---

Tom Mattusch  
President

May 17, 2017

TO: SAN MATEO COUNTY HARBOR COMMISSIONERS

From: Bud Ratts

RE: Current proposed CIP

**Capital Investment at OPM**

As you are aware I have been actively involved with the Finance Committee for several years, offering my financial experience to help move the District forward. I think the District has made significant advancements. Accounting, reporting and budget processes have dramatically improved.

Recently, I have been reviewing the financial relationship between the City of South San Francisco (CSSF) and the District given the commercial development of the land formerly administered by the District. Control of a portion of these lands was transferred to Oyster Point Development (OPD). Given these facts and the desire of OPD and CSSF to improve the Marina to increase the attractiveness to enhance the value of the hotel and offices to be constructed, a process has been opened to redo the Joint Powers Agreement (JPA).

Several meetings ago, I suggested that the District had significant homework to be undertaken before entering into negotiations with the CSSF and its management team (by far more experienced than the District's team). To help facilitate the acquisition of the background information for a fair outcome, I have reviewed the JPA and associated revisions:

The review found that the JPA executed October 24, 1977 expiring in 2026 contains a termination Clause as follows:

**"All assets at the project site paid for from operating revenue shall become the property of the City. City shall succeed to the depreciation reserve fund which shall be held in trust and used only for capital replacements"**

Also the JPA may be terminated by either party **"or until modified or terminated by an agreement in writing by the parties."**

These two clauses mean that in when the JPA is terminated that all the assets funded by "operations" are to be transfer to the CSSF and the dollar amount of accumulated depreciation associated with these assets is also to be transfer to the CSSF. **In simple terms the effect is that when funds are expended for capital improvements at Oyster Point Marina (OPM) a grant of the total amount of the improved is being made to the CSSF without recourse by the Harbor District.** Given the assumption at "funded by operations" means enterprise activity, the District will have to undertake extensive accounting research to determine the funding sources of improvements at OPM. Historical accounting records do not clearly identify funding sources. Further complicating the accounting and the mention of other fund reserves is subsequent agreements.

In order to prepare for negotiating a renewal or revision of the JPA the District should not make further grants of capital funding to the CSSF for improvements at OPM. The current proposed 5 year Capital Improvement Projects includes \$12.5 million of improvements without an analysis



of economic benefit for the District or the Taxpayers of San Mateo County. The Commissioners have a clear fiduciary duty to the Taxpayers of San Mateo County to undertake such an analysis. The primary beneficiary of an improved Marina is the Developer and the City of South San Francisco. The District has no participation in the economic benefits that a modern attractive Marina brings to development. This benefit to the development is clear, since all of the marketing materials to date included renderings of the Marina as a primary promotional item.

Discussions with the City of South San Francisco should be halted and no capital funds authorized until the District undertakes an independent analysis to include:

- **A historical analysis of the enterprise and non-enterprise revenues and expense**
- **A cost and benefit analysis of these activities**
- **An analysis of the tax rate history beginning prior to the JPA**
- **An analysis of all the capital investments at OPM and the sources of funds for those investments.**

No further capital expenditures should be made at OPM until the benefits to the Taxpayers of San Mateo County have been defined within the context of the founding of the Harbor District.

### **Strategic Plan**

The current CIP is not a “**PLAN**” It is a listing of individual projects with no integration into an overall strategy for the District. A CIP cannot be put forward without the context of a Strategic Plan. For example, the plan foresees redoing the existing docks, but does not make the provision for additional docks or reconfiguration of docks at Pillar Point. A strategic plan would have guidelines regarding the configuration and utilization of docks. The same applies to OPM. Also note that the CIP only includes minor amounts for landward projects. The total focus is on the water. A major component of the District’s activities is not included.

All projects should be put on hold, other than those required by considerations of safety and emergency needs, until such a plan is developed. This is just simple good management and fiscal prudence.

### **Funding**

The projects listed in the current CIP total \$41.0 million without considering funding sources. An optimistic grant total of \$9.2 million is assumed leaving funding of \$31.7 million to be determined. The current budget proposal has a net of \$3.6 million. Assuming that this will hold at level \$3.5 million over the next seven years \$24.5 million, a shortfall of \$7.2 million. The obvious conclusion is the priorities need to be developed and funding sources expanded. This is especially true since very little landward improvements are included. Landward facilities are essential for a total public experience of the Harbors.