



SAN MATEO COUNTY HARBOR DISTRICT



FINAL 2019/20 OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM

Board of Commissioners:

Sabrina Brennan, President
Nancy Reyring, Secretary
Tom Mattusch, Treasurer

Edmundo Larenas, Vice President
Virginia Chang Kiraly, Commissioner



INTRODUCTION	3
Budget Snapshot	4
Budget Process	4
Budget Report Presentation Changes from Prior Fiscal Year.....	5
Priorities and Issues.....	5
About Us	6
Where is San Mateo County Harbor District?.....	7
Our History	8
San Mateo County Harbor District Today.....	9
SECTION ONE- 2019/20 OPERATING BUDGET	10
Operating Budget at a Glance	11
Budgetary Highlights.....	12
Short-Term Factors Influencing Decisions	13
Public and Enterprise Services	14
Organizational Chart.....	15
Staffing Authorization.....	16
Budget Schedules	17
Basis of Budgeting vs. Accounting.....	18
Three-Year Comparative Financial Schedule.....	19
District Revenue	20
District Expenditures	21
Budget by Department.....	22
Department Summary.....	23
Administration	25
Pillar Point Harbor.....	26
Oyster Point Marina	27
SECTION TWO- FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM	28
Five-Year Forecasts.....	29
Five-Year CIP Detail	30
2019/20 CIP- Oyster Point Marina	32
2019/20 CIP- Pillar Point Harbor.....	32
CIP Appropriations & Estimated Encumbrance Re-appropriations	35
SECTION THREE- POLICIES & DEFINITIONS	36
District Policies and Guidelines.....	37
Debt Management Policy, Capacity, and Issuance	38
Definitions & Abbreviations	39



INTRODUCTION



Budget Snapshot

The District continues to strive “To assure the public is provided with clean, safe, well-managed, financially sound and environmentally pleasant marinas.” The Harbor Commission continues to work toward the development of long-range plans including an infrastructure restoration plan, strategic plan, and a master plan. The District is providing information to the general public and constituents on the District’s role in stewardship of Pillar Point Harbor and Oyster Point Marina through the implementation of a social media presence and outreach programs. On March 16, 2018 the District received a “Transparency Certificate of Excellence” from the Special District Leadership Foundation (SDLF) in recognition of its outstanding efforts to promote transparency and good governance.

The goal of the District’s Budget Document is to ensure a compliant and transparent process that will promote stakeholder confidence and trust. The District’s financial decisions consider sustainability and fiscal responsibility to anticipate and prepare for future funding requirements as well as unforeseen and unexpected emergencies, disasters, and other events.

This year, the District is fortunate to present an operating budget that includes sufficient revenue to fund the 2019/20 Fiscal Year (July 1, 2019 to June 30, 2020) expenditures and provide \$3,655,000 toward increasing the Working Capital balance. Over the next five years, annual average contributions to the Working Capital is projected at \$3,160,250 (per year).

The District updates the five-year Capital Improvement Program (CIP) annually. This five-year plan presents projects and associated funding for assets including land acquisition, construction, purchase of software, preventative maintenance needs, and replacement of vessels and vehicles. For Fiscal Years 2018/19 through 2023/24 (current year projection plus five-year CIP) the District’s funding needs for the CIP is estimated at \$48,355,385. The funding for the CIP is expected to come from \$33,528,620 in Working Capital balance, \$8,811,500 in grants, and \$6,015,265 in additional grant funding, debt financing, increases in revenues, and/or decreases in expenditures. Otherwise, projects may need to be postponed until sufficient funding is secured.

Budget Process

The District’s budget process is outlined in Policy 4.9.1. and Policy 4.9.2 of the Policy Handbook. Adoption of the Preliminary Budget and Final Budget is governed by Harbors and Navigation Code Section 6093 (et. seq.).

Policy 4.9.1 outlines the District’s process for preparing its annual budget. The preparation begins mid-year (fiscal year) for the succeeding year’s budget. District Finance staff begins the current fiscal year’s mid-year performance to budget analysis. The Harbor Commission reviews the mid-year budget report in February. Having reviewed the current year’s performance and identified budget issues and goals for the next fiscal year, staff prepares a first draft preliminary budget which is introduced to the Harbor Commission at a public meeting in March and a final preliminary budget is adopted in April. The Harbor Commission publishes a notice pursuant to Section 6061 of the Government Code stating that the adopted preliminary budget is available for public review. The public has at least 30 days to review and provide comment prior to the adoption of the final budget. The final budget is normally adopted in June.

Policy 4.9.2 establishes the level of appropriations authority for the District for a fiscal year. An appropriation authorizes the District to spend District resources. The Harbor Commissioners’ approval of appropriations places a maximum limit of the amount of money that can be spent in any given Fiscal Year within the following expenditure classifications: 1) Salary and Benefits, 2)



Operating Expenditures, 3) Non-Operating Expenditures, and 4) Capital Projects. The Harbor Commission may approve revisions to the appropriated amounts during the fiscal year.

The District is exempt from preparing a Board approved appropriation limit, set forth in the provisions of the California Constitutional Article XIII B, due to the provisions of Section 9 (c) "this section shall not apply to a district which existed on January 1, 1978, and that did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of twelve and one-half cents (\$0.125) per one hundred dollars of assessed value."

Budget Report Presentation Changes from Prior Fiscal Year

Beginning in Fiscal Year 2019/20 (FY 2019/20), the District created two distinct sections of the Budget Document: 1) the Operating Budget; and 2) the CIP. The Operating Budget presents on-going activities of the District for the Fiscal Year period. CIP presents a plan for current and future capital asset costs and associated funding. Capital Improvements are typically carried out and paid for over several years. Consequently, a scheduling tool is required that forecasts anticipated needs and available funding several years into the future. District Policy 4.7.1 defines capital assets as assets with a cost of \$10,000 or greater and with a useful life of five (5) years or more.

The District also made a procedural change to allow capital projects, grant-funded projects, or one-time funded multi-year projects to automatically rollover any open purchase orders (encumbrances) and appropriations associated with those projects. The Capital Improvement Program section of this budget includes June 30, 2019 estimated encumbrance balances to be re-appropriated (page 35). The actual amount re-appropriated versus the estimated amount will vary.

The District's accounts and transactions are tracked on an accrual basis, which is the basis of accounting under generally accepted accounting principles (GAAP) for Enterprise Funds. Many other government entities track some or all accounts and transactions on a modified accrual basis under GAAP for Governmental Funds. Enterprise Fund financial statements report Net Position and focus on long-term economic resources while Governmental Fund financial statements report Fund Balance and focus on current economic resources. While the District's budget focuses on current economic resources, Fund Balance is not reported in the District's financial system because it does not use a Governmental Fund. To clarify and track the appropriate resources available, the nomenclature in the budget document has been changed from Reserves to Working Capital.

The District has been presenting public versus enterprise functional detail in the budget document. Now that the Operating Budget and CIP have been separated, the allocation of property tax revenue among the Administration Department, Pillar Point Harbor, and Oyster Point Marina has been adjusted and simplified (page 14).

Priorities and Issues

The Mission Statement of the San Mateo County Harbor District is: "To assure the public is provided with clean, safe, well-managed, financially sound and environmentally pleasant marinas." The District is working with a consultant to complete a list of District goals and to update the Mission Statement. This document will be updated when the Mission Statement and goals are adopted by the Harbor Commission. The CIP Section of this document includes the Harbor Commission's priorities as it relates to District projects.

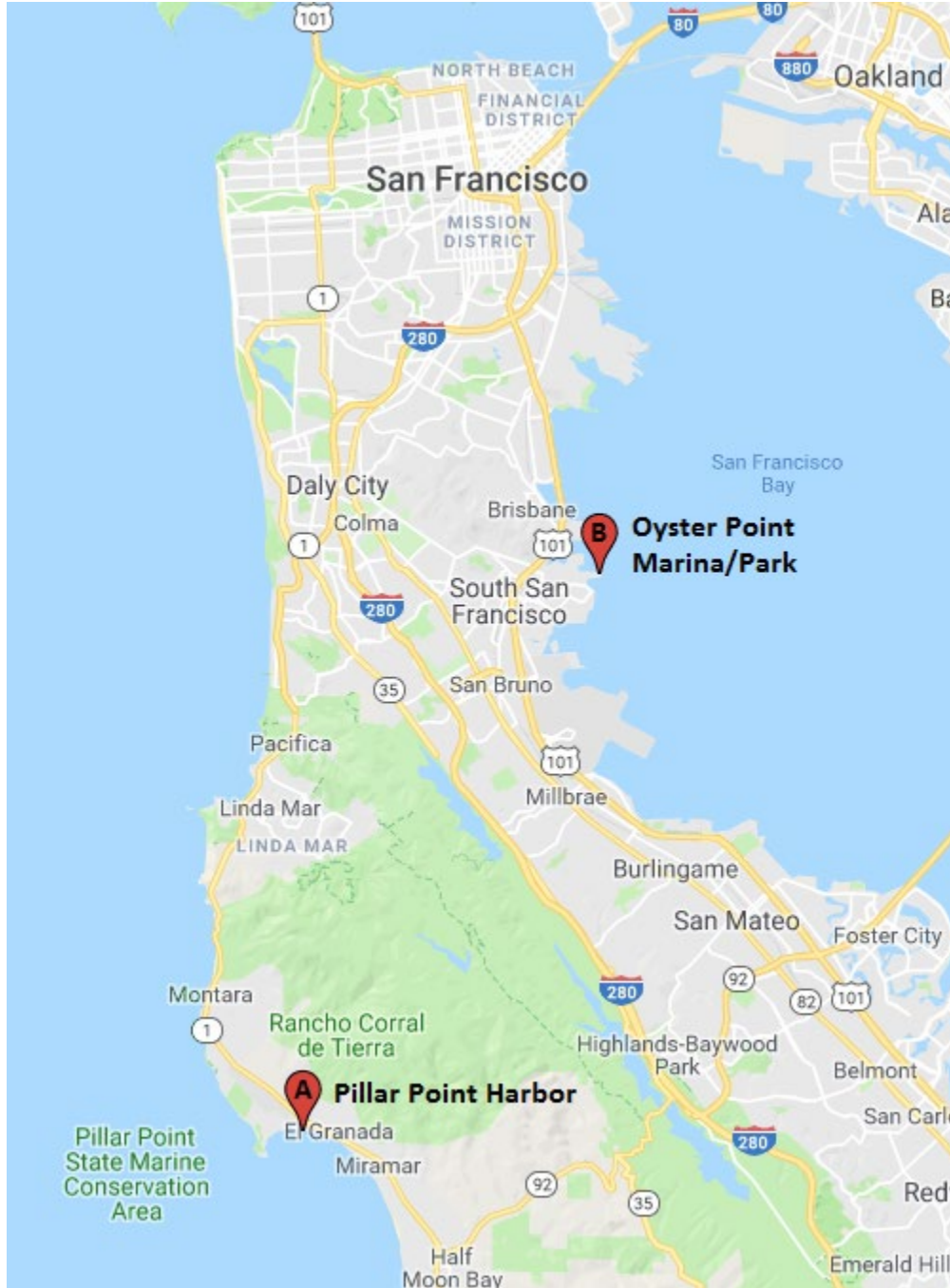


About Us



Where is San Mateo County Harbor District?

The San Mateo County Harbor District is in Northern California and manages and operates (A) Pillar Point Harbor located on the Pacific Ocean in the unincorporated area of Princeton, and (B) Oyster Point Marina/Park on San Francisco Bay located in the City of South San Francisco.

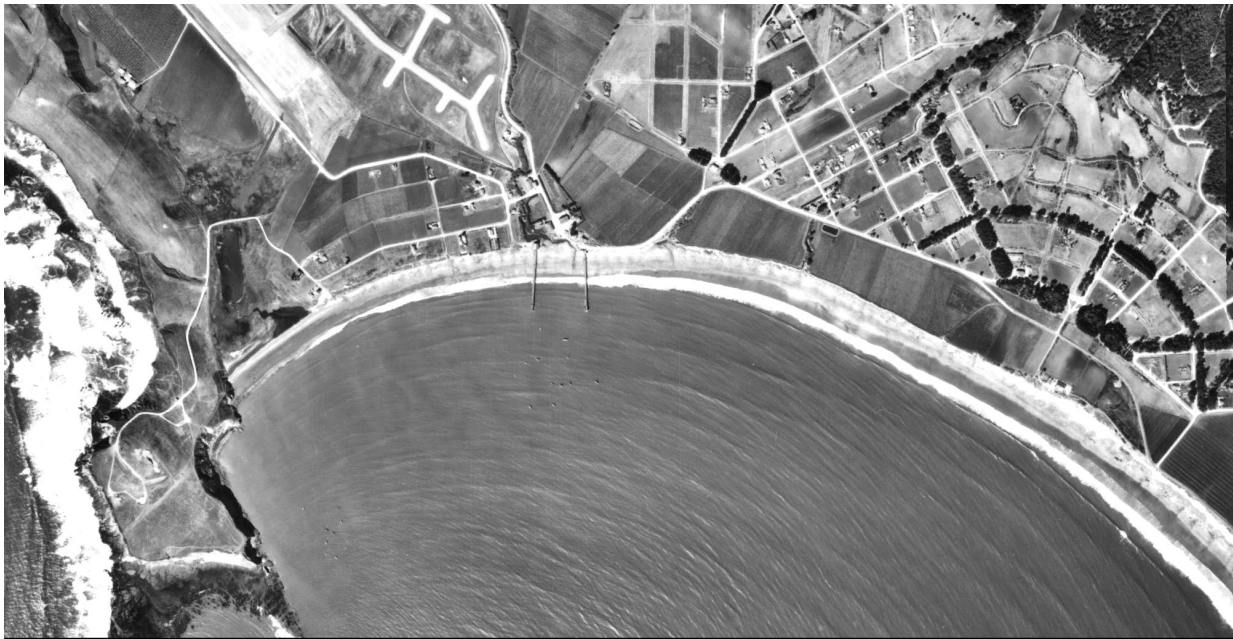




Our History

The San Mateo County Harbor District is an independent special district created by San Mateo County in 1933 by Resolution of the Board of Supervisors who established the entire area of the County of San Mateo as the District's boundaries.

In 1948, the District created a harbor of safe refuge for the fishing fleet at Pillar Point per the State of California Harbors and Navigation Code Section 70.5. A federal breakwater was built by the Army Corps of Engineers in 1959-61, with an extension in 1967. The District constructed the harbor's docks and berths in the 1980s, along with a second, inner breakwater to provide further protection. This later work was financed by loans from the California Department of Boating and Waterways (DBW), now a Division of the State Parks Department.



1943 Aerial View of Pillar Point Harbor

In 1977, the District took over operation of Oyster Point Marina/Park from the City of South San Francisco. A Joint Powers Agreement was executed, giving the District authority to improve and complete construction of a recreational marina. Full build-out was accomplished during the 1980s.



San Mateo County Harbor District Today

The San Mateo County Harbor District operates two harbors. Pillar Point Harbor is located in the unincorporated community of Princeton in Half Moon Bay approximately twenty-five miles south of the City of San Francisco. The harbor is a 369-berth commercial fishing harbor that also supports sport fishing and recreational boating.



Oyster Point Marina/Park consists of a 408-berth recreational marina, public beach, and bayside park located in the City of South San Francisco. The District operates Oyster Point Marina/Park under a Memorandum of Understanding with South San Francisco, which owns the facility.





SECTION ONE- 2019/20 OPERATING BUDGET



Operating Budget at a Glance



Budgetary Highlights

The District's revenue streams continue to outpace on-going expenditures. The Operating Budget for Fiscal Year (FY) 2019/20 is projected to add \$3,655,000 to the working capital balance. Working capital is used to fund the Capital Improvement Program as well as unforeseen and unexpected emergencies, disasters, and other events.

2019/20 Operating Budget Summary		Comparison to 2018/19 Projections	
Operating Revenues	\$ 4,441,000	\$ 4,382,000	1.35%
Non-Operating Revenues	7,564,000	7,444,000	1.61%
Total Revenues	12,005,000	11,826,000	1.51%
Salaries/Wages/Benefits Expenditures	5,270,000	4,952,000	6.42%
Non-Personnel Expenditures	3,080,000	3,112,700	-1.05%
Total Expenditures	8,350,000	8,064,700	3.54%
Total Revenues less Expenditures	3,655,000	3,761,300	-2.83%
One-time Revenues(Expenditures)	-	(3,150,000)	-100.00%
Working Capital Increase	\$ 3,655,000	\$ 611,300	497.91%

- Operating Revenues are budgeted to increase by 1.35% due to projected inflationary increases in lease income, and rates, and fees.
- Non-Operating Revenues are budgeted to increase by 1.61% due to an anticipated increase in Property Tax Revenue of 2.03% offset by a decrease in interest income due to the spending of cash balances.
- Salaries/Wages and Benefit Expenditures are projected to increase by 6.42% due to anticipated filling of currently vacant positions along with salary/wage and benefit cost increases.
- Non-Personnel Expenditures are budgeted to decrease by 1.05%. This is mainly due to an anticipated decrease in legal settlement costs.
- The FY 2018/19 projection includes \$850,000 in biennial election costs and a one-time \$2,300,000 payment to the California Public Employees' Retirement System (CalPERS) to fund a portion of the long-term unfunded liability. The FY 2019/20 Operating Budget does not anticipate any one-time/biennial expenditures.



Short-Term Factors Influencing Decisions

Short-term factors influencing the District's decisions include impact of outside economic and legislative factors, environmental issues, and aging infrastructure.

Economic Factors:

The Public Employees' Pension is managed by California Public Employees' Retirement System (CalPERS). As of June 30, 2018, the District reported a net pension liability (NPL) of \$5,012,108. Multiple variables (e.g. expected rate of return on investments, expected inflationary rates, average life-span, and expected number of vested employees) impact the calculation of the NPL. The District paid an additional \$2,300,000 to fund the unfunded long-term retirement liability in FY 2018/19. CalPERS retirement costs continue to grow as expected rates of return decrease. It is difficult to predict the impact that economic and market conditions may have on the NPL and future retirement costs of the District.

The District has one month-to-month lease for a restaurant in the "tenant row" building at Pillar Point. Short-term agreements may impact future revenues.

State & Federal Budgets & Actions:

Pacific Gas & Electric Company (PG&E) filed for Chapter 11 bankruptcy protection in wake of the billions of dollars in liabilities associated with the 2017 and 2018 California wildfires. In addition, a nuclear power plant will be decommissioned. There is a potential that the District's utility costs may increase substantially while unitary property taxes decrease. For FY 2019/20, Property and Liability insurance rates increased due to the fires.

In addition, the State approved a \$4 billion housing bond in November. Lack of affordable housing may affect the District's ability to attract and retain qualified candidates. According to the 2018 State Department of Housing and Urban Development report, \$82,200 for a single individual is categorized as low income. Housing costs continue to increase throughout the area.

Environmental Issues:

The District is investigating, developing, and advocating for the implementation of strategies to mitigate the impacts of climate change on District-managed properties. Projects that are included in the Five-Year Capital Improvement Program section (pages 28-35) and are associated with climate change include the West Trail Shoreline Protection and Restoration of Surfers Beach.

Other Factors:

The District's Infrastructure is aging and will require replacement. For fiscal year ended June 30, 2018 the District had approximately \$45 million in depreciable assets with accumulated depreciation of \$28 million. About 62% of the District's total assets have been depreciated. In FY 2017/18 the District recorded \$1,108,660 in depreciation expense in its Audited Financial Statements. The five-year CIP section of this budget document includes a plan to replace a portion of the District's infrastructure. In the event that the District meets the fairly aggressive replacement projections, additional grants would need to be identified and/or debt will need to be issued in FY 2021/22 to meet the cash flow requirements. Otherwise, some projects may need to be deferred, revenues increased and/or expenditures decreased.

In 2018, the District entered into a Memorandum of Understanding (MOU) with the City of South San Francisco (SSF) to manage the Oyster Point Marina property owned by SSF. The MOU's



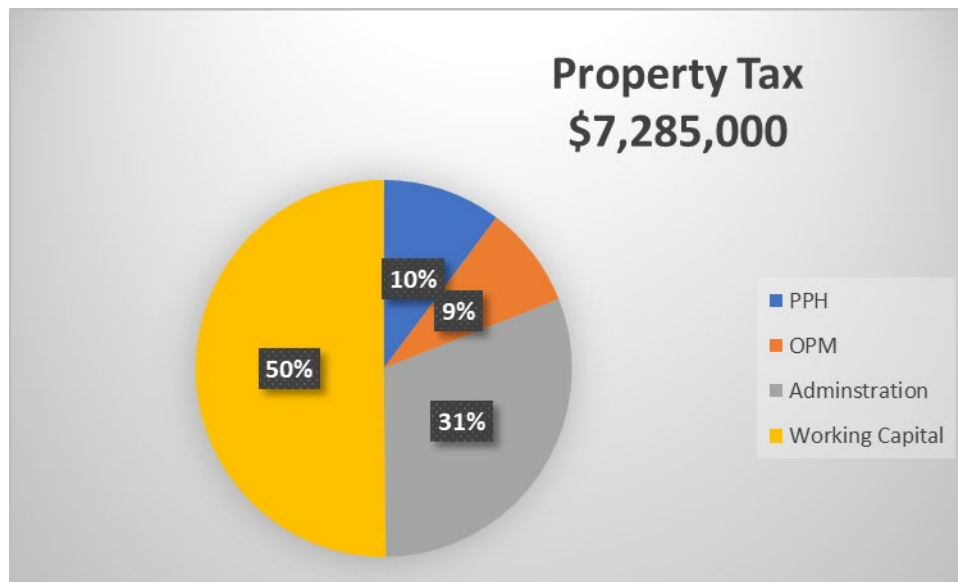
initial term is fifteen years. The MOU will automatically renew for two additional periods of ten years each, unless notice is given by the District to SSF to discontinue the MOU. The MOU requires that the District make specific Capital Improvements during specified timelines. These projects are included in the Capital Improvement Program Section (pages 28-35).

Public and Enterprise Services

The District's transactions are accounted for in an Enterprise Fund which includes three departments- Administration, Pillar Point Harbor (PPH), and Oyster Point Marina (OPM). PPH and OPM generate operating revenue from berth rentals, liveaboard fees, boat launch fees, property rentals and permit fees. This revenue is used to offset costs associated with these activities.

All District property is for the enjoyment of the public. In addition to providing the public with boating facilities, the District provides coastal trail access and maintenance, beach access, public fishing piers, park and landscape maintenance, public parking, trash removal, bay trail access and maintenance, search and rescue operations, toxic environmental clean-up, public restrooms and public outreach and education. These public services and activities serve a broad segment of San Mateo County's population and visitors.

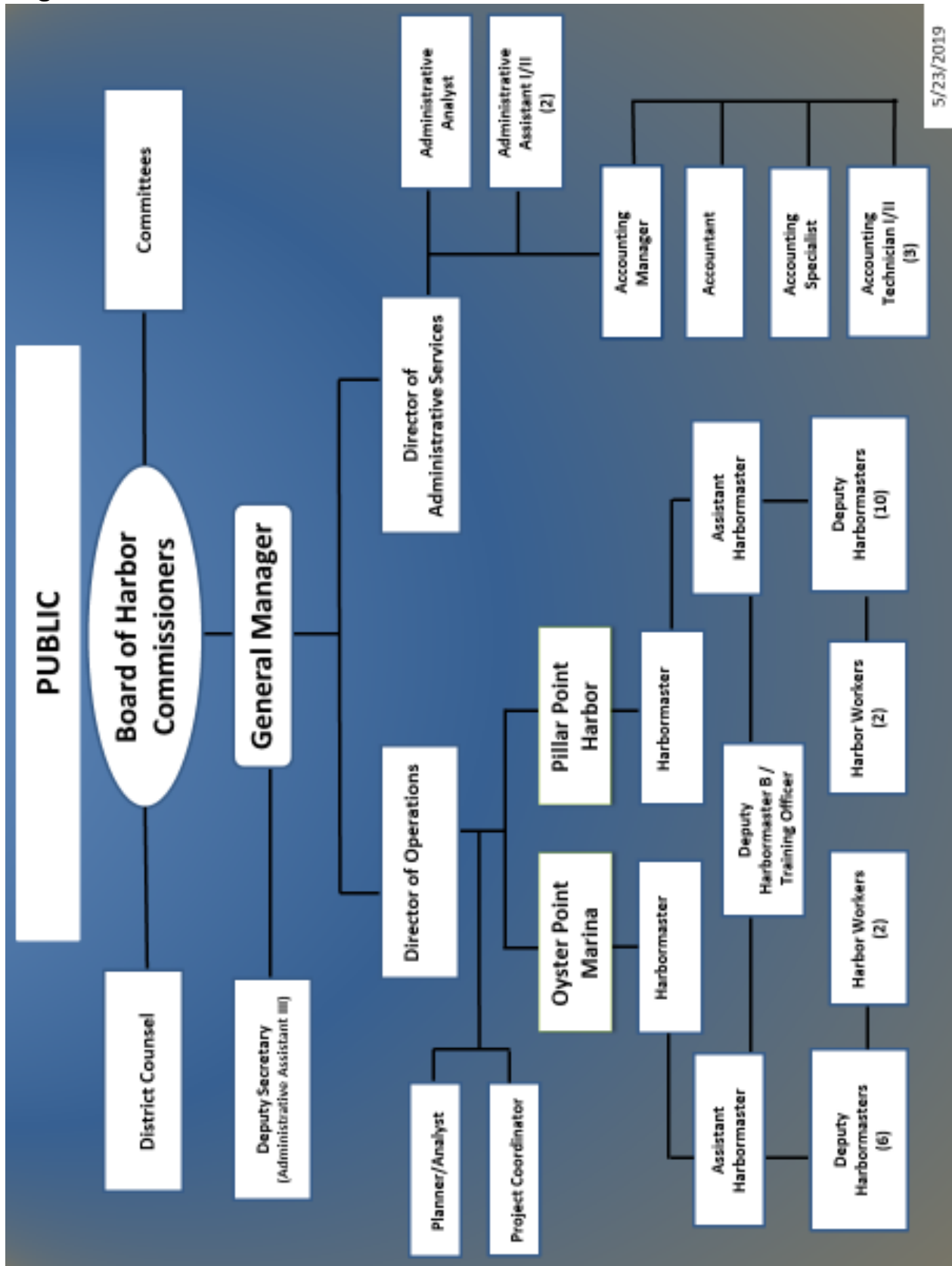
The District receives Property Tax Revenue from San Mateo County property owners. Property Tax Revenue is used to fund the Administration Department, any operating deficits of PPH and OPM, and a portion of the Capital Improvement Program. For FY 2019/20, the District estimates that \$640,000 will be used for OPM public operations, \$745,000 for PPH public operations, \$2,245,000 (\$275,000 funded by Interest Income) for administrative functions, and \$3,655,000 towards funding the Capital Improvement Program for a total of \$7,285,000 of anticipated Property Tax Revenue.



Fiscal Year 2019/20 Capital Asset projected costs (net of funding and grants) of \$7,279,800 (detail on pages 28-35) includes funding for projects that are for the benefit of the public such as the improvements to Pillar Point Harbor's Fishing Pier, West Trail erosion protection, improvements to public parking lots, and Surfers Beach restoration.



Organizational Chart



5/23/2019



Staffing Authorization

<u>Classification/Position Title</u>	<u>Actual 2017/18</u>	<u>Revised Budget 2018/19</u>	<u>Final Budget 2019/20</u>	<u>*Status as of 5/22/2019</u>
<u>Administration Department</u>				
General Manager	1	1	1	Active
Director of Operations	1	1	1	Active
Director of Admin. Services	1	1	1	Active
Accountant	1	1	1	Vacant
Accounting Specialist	-	1	1	Vacant
Accounting Tech I & II	1	1	1	Active
Accounting Manager	1	1	1	Active
Administrative Analyst	1	1	1	Vacant
Administrative Assistant I & II	2	2	2	Active
Deputy Secretary	1	1	1	Active
Planner Analyst	1	1	1	Vacant
Project Coordinator	-	1	1	Vacant
Total Administration	<u>11</u>	<u>13</u>	<u>13</u>	
<u>Pillar Point Harbor</u>				
Harbormaster	-	1	1	Vacant
Assistant Harbormaster	1	1	1	Active
Deputy Harbormaster A&B	9	10	10	8 Active/2 Vacant
Deputy Harbormaster/Training Officer	-	1	1	Active
Harbor Worker B	2	2	2	Active
Harbor Worker C (lead maint.)	1	-	-	Deleted
Accounting Tech I & II	1	1	1	Active
Total Pillar Point Harbor	<u>14</u>	<u>16</u>	<u>16</u>	
<u>Oyster Point Marina</u>				
Harbormaster	-	1	1	Active
Assistant Harbormaster	1	1	1	Active
Deputy Harbormaster A&B	6	6	6	5 Active/1 Vacant
Harbor Worker B	2	2	2	Active
Harbor Worker C (lead maint.)	1	-	-	Deleted
Accounting Tech I & II	1	1	1	Active
Total Oyster Point Marina	<u>11</u>	<u>11</u>	<u>11</u>	
Total Full-Time Equivalent Positions	<u>36</u>	<u>40</u>	<u>40</u>	

Changes from 2017/18 approved positions are highlighted in gray.

* Active positions are funded and filled. Vacant positions are funded but not filled.

Deleted positions are not funded and not filled.



Budget Schedules



Basis of Budgeting vs. Accounting

The basis of budgeting and accounting refers to the method of recognition of revenue and expenses in financial and budgetary reporting. The District's budgets are prepared on a modified cash flow basis which projects the District's cash inflows and outflows over the course of a fiscal year (July 1 through June 30) excluding physical and intangible assets such as depreciation.

Revenues are recognized as they are received and accounted for while obligations for expenditures are recognized when a commitment is made through an encumbered purchase order or actual expense.

The District's accounts and transactions are tracked on an accrual basis, which is the basis of accounting under generally accepted accounting principles (GAAP) for Enterprise Funds. An Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Under this method, all assets and liabilities associated with operations are included on the balance sheet, revenues are recorded when earned, and expenses are recorded at the time commitments are incurred. Depreciation and amortization are handled differently in budgetary reporting and in financial reporting. In budgetary reporting, depreciation and amortization are excluded, and the repayment of the principal on debt as expense is included. In financial reporting, depreciation and amortization are included, and the repayment of the principal on debt as expense is excluded. This table illustrates the differences between the budget and accounting basis described above.

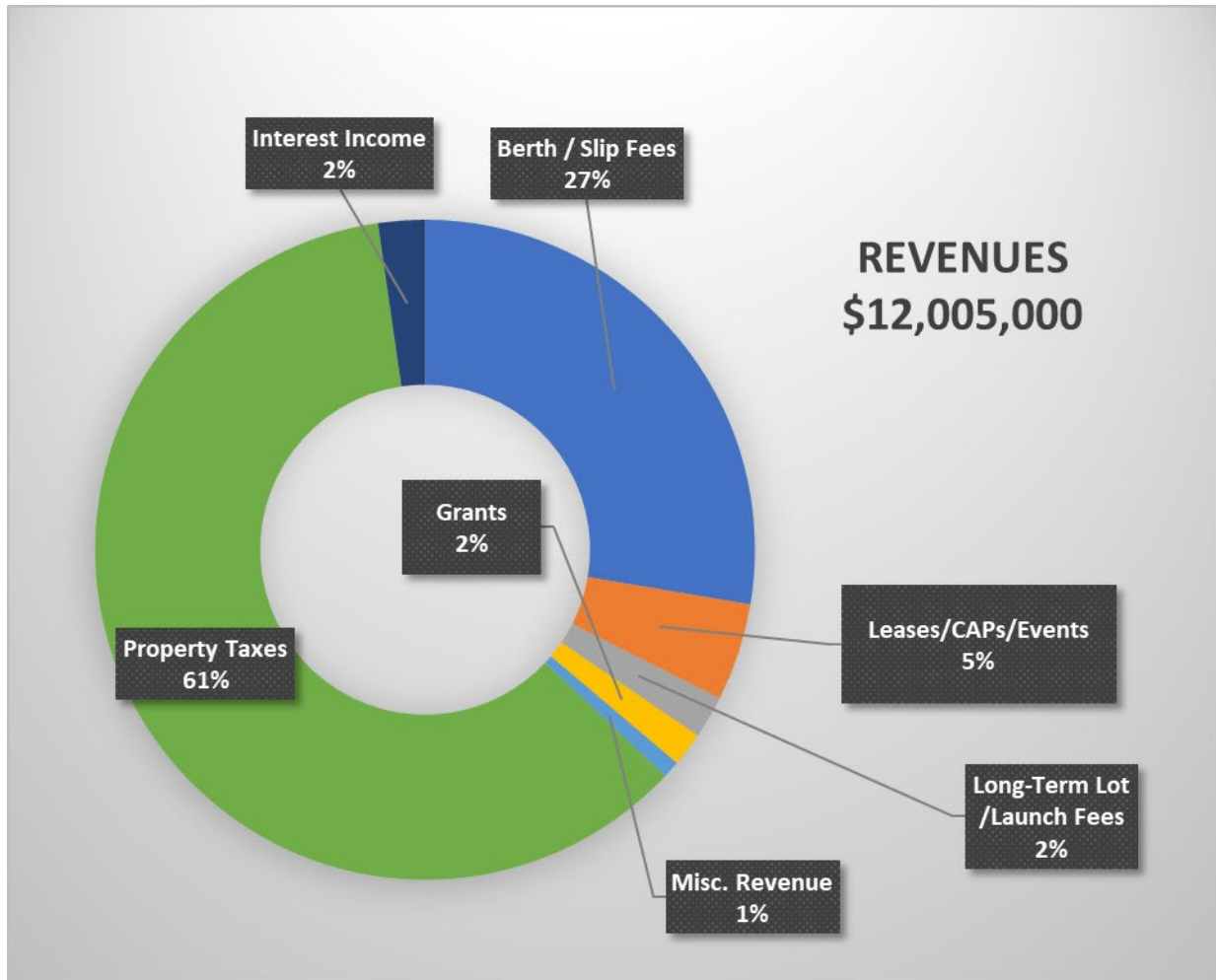
	BUDGETARY	ACCOUNTING
Basis	Modified Cash Flow	Accrual
Revenue	Recognized when received and accounted for	Recorded when earned
Obligations (Expenditures/ Expense)	Recognized when a commitment is made through encumbrance or expense	Recorded at the time commitments are incurred
Depreciation and Amortization	Excluded	Included
Repayment of Principal on Debt	Included	Excluded

Three-Year Comparative Financial Schedule

	Fiscal Year 2017/18		Fiscal Year 2018/19		Fiscal Year 2019/20	
	Revised Budget	Actual	Revised Budget	Projected	Preliminary Budget	Final Budget
Operating Revenues:						
Berth / Slip Fees	\$ 3,449,216	\$ 3,257,846	\$ 3,327,000	\$ 3,261,000	\$ 3,427,000	\$ 3,320,000
Leases and CAPs	589,000	631,891	611,000	552,000	552,000	552,000
Long-Term Lot /Launch Fees	245,706	238,085	250,000	250,000	250,000	250,000
Events	30,000	39,227	52,000	22,000	22,000	22,000
Grants & Reimbursements	110,000	119,088	475,000	200,000	200,000	200,000
Other Operating Revenue	100,000	96,707	100,000	97,000	97,000	97,000
Total Operating Revenues	4,523,922	4,382,844	4,815,000	4,382,000	4,548,000	4,441,000
Non-Operating Revenues:						
Property Taxes	6,500,000	7,006,800	7,140,000	7,140,000	7,285,000	7,285,000
Interest Income	53,300	235,347	186,245	300,000	275,000	275,000
Misc. Rev./Exp.	10,000	29,428	10,000	4,000	4,000	4,000
Grants & Reimbursements	-	119,104	-	-	-	-
Total Non-Operating Revenues	6,563,300	7,390,679	7,336,245	7,444,000	7,564,000	7,564,000
Total Revenues	\$11,087,222	\$11,773,523	\$12,151,245	\$11,826,000	\$12,112,000	\$12,005,000
Operating Expenditures:						
Salaries/Wages/Benefits Expenditures						
Salaries & Wages	\$ 3,140,514	\$ 2,950,445	\$ 3,306,141	\$ 3,200,000	\$ 3,415,000	\$ 3,415,000
Benefits-Current Employees	1,638,759	1,477,147	1,727,008	1,599,000	1,702,000	1,702,000
Benefits-Retired/Former Emp	190,209	147,951	152,157	153,000	153,000	153,000
Salary/Wages/Benefits Sub-total	4,969,482	4,575,543	5,185,306	4,952,000	5,270,000	5,270,000
Non-Personnel Expenditures						
Payments to Other Agencies	69,000	59,037	70,000	70,000	65,000	65,000
Utilities	355,000	415,357	506,000	350,000	438,000	438,000
Contract Services	423,000	565,647	611,500	580,000	623,000	623,000
Legal	484,000	333,458	484,400	550,000	505,000	505,000
Property/Liability Insurance	114,000	92,937	114,200	108,000	112,000	112,000
Repairs & Maint- Routine	209,500	130,448	277,700	278,400	294,000	294,000
Office/Equipment Rentals	91,500	91,500	98,400	94,800	100,000	100,000
Information Technology	236,000	142,094	167,700	108,000	118,000	118,000
Financial Service Fees	61,200	62,985	73,300	73,700	78,000	78,000
Operating Expenses	203,250	191,161	184,600	213,100	215,000	215,000
Travel and Training	57,000	53,454	56,300	46,000	53,000	53,000
Advertising and Promotion	16,000	15,553	20,400	30,400	30,000	30,000
Personnel Administration	28,000	2,953	17,100	39,500	42,000	42,000
Vessel Destruction	110,000	146,861	200,000	200,000	200,000	200,000
Memberships & Subscriptions	10,000	17,541	20,300	32,400	35,000	35,000
Claims Settlement	10,000	-	275,000	275,000	100,000	100,000
Bad Debts	50,000	79,118	101,600	57,400	62,000	62,000
Miscellaneous Expend.	12,250	14,252	16,700	6,000	10,000	10,000
Non-Personnel Expend Sub-total	2,539,700	2,414,356	3,295,200	3,112,700	3,080,000	3,080,000
Total Operating Expenditures	\$ 7,509,182	\$ 6,989,899	\$ 8,480,506	\$ 8,064,700	\$ 8,350,000	\$ 8,350,000
Revenues less Expenditures	\$ 3,578,040	\$ 4,783,624	\$ 3,670,739	\$ 3,761,300	\$ 3,762,000	\$ 3,655,000
One-time Revenues(Expenditures)						
Election Costs (every other year)		\$ -	\$ (830,000)	\$ (850,000)	\$ -	\$ -
Non-Operating Grants & Reimbursements		-	1,000,000	-	-	-
CalPERS Liability Payment		-	(2,300,000)	(2,300,000)	-	-
Increase(Decrease) to Working Capital	\$ 3,578,040	\$ 4,783,624	\$ 1,540,739	\$ 611,300	\$ 3,762,000	\$ 3,655,000

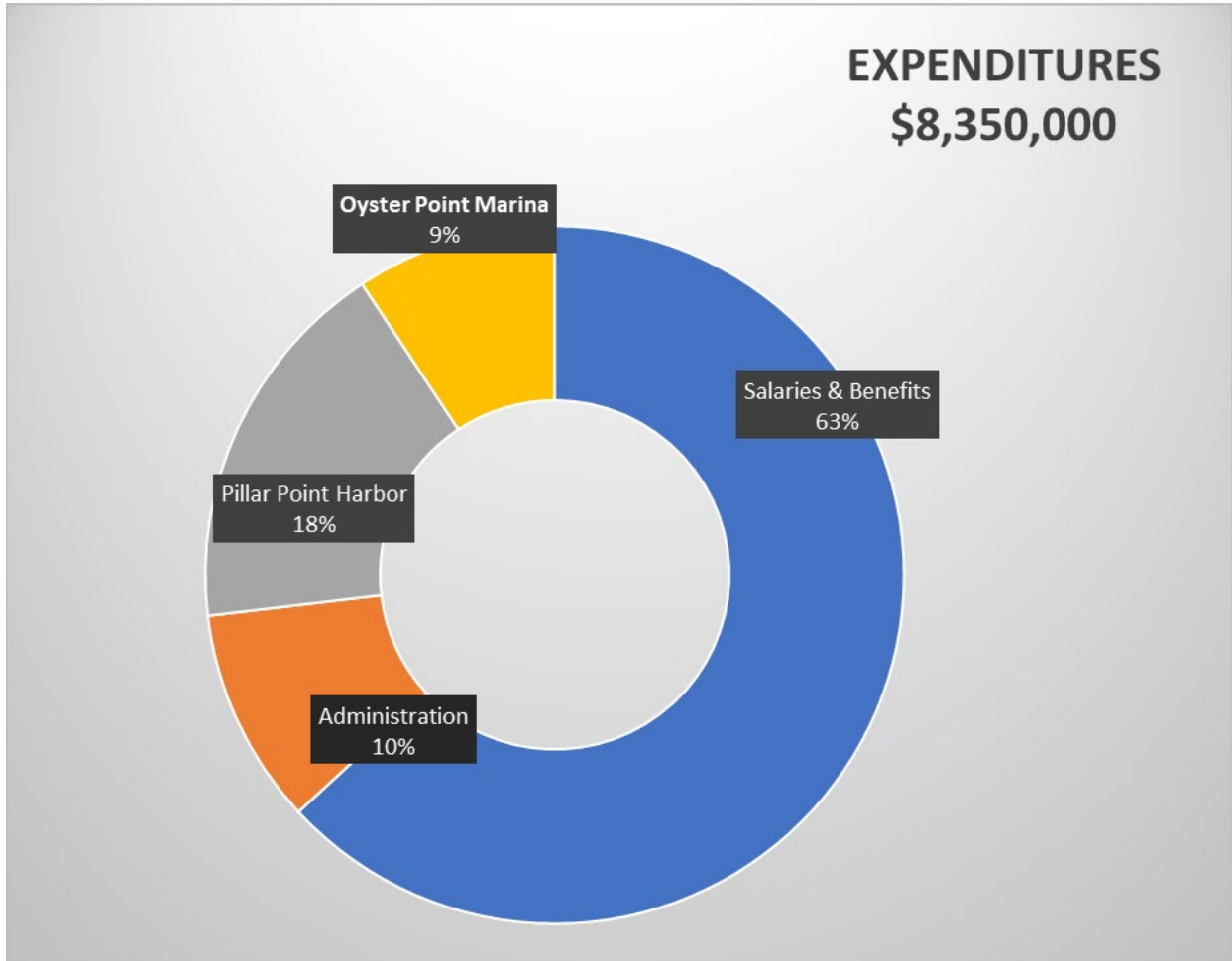


District Revenue





District Expenditures



The above chart shows the percentage of expenditures spent on Salaries/Wages & Benefits and Non-Personnel Expenditures for each of the three District departments.

Budget by Department



Department Summary

Administration Department-

The Administration Department includes five elected Harbor Commissioners and 13 full-time positions and are responsible for the following duties and tasks:

Elected Harbor Commissioners:

- Adopts a Mission Statement and establishes goals, objectives, and priorities for the District.
- Appoints, evaluates, and terminates General Manager.
- Adopts an annual budget.
- Adopts ordinances to provide legal foundation of District operations.
- Represents the District, stakeholders, and general public.
- Adopts policies.

General Manager:

- Plans, organizes, coordinates and directs the activities of the District.
- Prepares, reviews, and makes recommendations regarding issues for Board consideration and action.
- Appoints, evaluates and terminates management staff.
- Oversees preparation of annual budget.
- Provides direction and leadership by setting organizational standards and objectives.

Administration & Operations:

- Responsible for administrative, business, and fiscal functions, including finance/accounting, human resources, purchasing, information technology, risk management, contract management, public information, grant management, and real property management.

Operations:

- Responsible for operations and maintenance of the District's two marinas, develops and implements sound management approaches for the publicly owned land and facilities under lease, and generates optimal utilization of marine recreational operations and activities at the marinas.
- Plans and coordinates capital projects, maintenance work, and environmental compliance reporting.
- Manages construction projects.



Department Summary- continued

Pillar Point Harbor Department and Oyster Point Marina Department-

The Pillar Point Harbor Department includes 16 full-time positions and the Oyster Point Marina Department includes 11 full-time positions and are responsible for the following at their respective locations:

- Serve the public by providing berthing and support for pleasure and commercial craft.
- Ensure that the harbor/marina is maintained in safe and clean condition.
- Act as a liaison with outside agencies including but not limited to California Division of Boating and Waterways, U.S. Coast Guard, local law enforcement, yacht clubs, and other groups who may use District facilities.
- Plan, evaluate, and direct the maintenance of docks, piers, vehicles, vessels and equipment.
- Respond to emergency and/or severe weather situations to protect the public, staff, vessels, District assets, and other property as necessary.
- Enforce District ordinances and policies, and State of California boating laws.
- Provide information and other customer service to tenants, lessees and harbor visitors.



Administration

	Fiscal Year 2017/18		Fiscal Year 2018/19		Fiscal Year 2019/20	
	Revised Budget	Actual	Revised Budget	Projected	Preliminary Budget	Final Budget
Non-Operating Revenues:						
Property Taxes	\$ 6,500,000	\$ 7,006,800	\$ 7,140,000	\$ 7,140,000	\$ 7,285,000	\$ 7,285,000
Interest Income	53,300	235,347	186,245	300,000	275,000	275,000
Miscellaneous Revenues	5,000	39,031	-	-	-	-
Total Non-Operating Revenues	6,558,300	7,281,178	7,326,245	7,440,000	7,560,000	7,560,000
Total Revenues	\$ 6,558,300	\$ 7,281,178	\$ 7,326,245	\$ 7,440,000	\$ 7,560,000	\$ 7,560,000
Operating Expenditures:						
Salaries/Wages/Benefits Expenditures						
Salaries & Wages	\$ 920,466	\$ 856,145	\$ 1,000,397	\$ 991,000	\$ 1,142,000	\$ 1,142,000
Benefits-Current Employees	455,218	389,791	475,574	456,000	525,000	525,000
Benefits-Retired/Former Emp	24,983	15,959	16,635	17,000	17,000	17,000
Salary/Benefits Sub-total	1,400,667	1,261,895	1,492,606	1,464,000	1,684,000	1,684,000
Non-Personnel Expenditures						
Payments to Other Agencies	69,000	59,037	70,000	70,000	65,000	65,000
Contract Services	113,000	125,476	236,500	200,000	210,000	210,000
Legal	424,000	169,526	279,000	120,000	126,000	126,000
Property/Liability Insurance	22,000	40,673	61,800	50,000	53,000	53,000
Repairs & Maint- Routine	3,500	3,032	3,400	3,400	4,000	4,000
Office/Equipment Rentals	91,500	91,500	98,400	94,800	100,000	100,000
Information Technology	147,000	62,080	93,800	48,000	50,000	50,000
Financial Service Fees	2,000	505	700	700	1,000	1,000
Operating Expenses	49,750	31,669	25,100	25,100	26,000	26,000
Travel and Training	27,000	29,784	39,900	26,000	27,000	27,000
Advertising and Promotion	6,000	3,824	4,400	4,400	5,000	5,000
Personnel Administration	6,000	1,295	15,100	35,000	37,000	37,000
Memberships & Subscriptions	9,000	16,353	19,500	30,000	32,000	32,000
Claims Settlement	10,000	-	275,000	275,000	100,000	100,000
Miscellaneous Expend.	750	290	-	-	-	-
Non-Personnel Expend Sub-total	980,500	635,044	1,222,600	982,400	836,000	836,000
Total Expenditures	\$ 2,381,167	\$ 1,896,939	\$ 2,715,206	\$ 2,446,400	\$ 2,520,000	\$ 2,520,000
Revenues less Expenditures	\$ 4,177,133	\$ 5,384,239	\$ 4,611,039	\$ 4,993,600	\$ 5,040,000	\$ 5,040,000
One-time Revenues(Expenditures)						
Election Costs (every other year)		\$ -	\$ (830,000)	\$ (850,000)	\$ -	\$ -
CalPERS Liability Payment	-	-	(667,000)	(667,000)	-	-
Increase (Decrease) to Working Capital	\$ 4,177,133	\$ 5,384,239	\$ 3,114,039	\$ 3,476,600	\$ 5,040,000	\$ 5,040,000



Pillar Point Harbor

	Fiscal Year 2017/18		Fiscal Year 2018/19		Fiscal Year 2019/20	
	Revised Budget	Actual	Revised Budget	Projected	Preliminary Budget	Final Budget
Operating Revenues:						
Berth / Slip Fees	\$ 2,069,118	\$ 1,931,592	\$ 1,950,000	\$ 1,950,000	\$ 2,009,000	\$ 2,009,000
Leases and CAPs	450,000	461,374	509,000	430,000	430,000	430,000
Long-Term Lot /Launch Fees	232,118	215,596	234,378	234,000	234,000	234,000
Events	30,000	39,977	50,000	20,000	20,000	20,000
Grants & Reimbursements	55,000	76,587	138,300	138,300	138,300	138,300
Other Operating Revenue	67,000	64,993	74,100	67,000	67,000	67,000
Total Operating Revenues	2,903,236	2,790,119	2,955,778	2,839,300	2,898,300	2,898,300
Non-Operating Revenues:						
Miscellaneous Revenues	-	3,150	10,000	4,000	4,000	4,000
Grants & Reimbursements	-	116,612	-	-	-	-
Total Non-Operating Revenues	-	119,762	10,000	4,000	4,000	4,000
Total Revenues	\$ 2,903,236	\$ 2,909,881	\$ 2,965,778	\$ 2,843,300	\$ 2,902,300	\$ 2,902,300
Operating Expenditures:						
Salaries/Wages/Benefits Expenditures						
Salaries & Wages	\$ 1,339,424	\$ 1,203,533	\$ 1,327,486	\$ 1,313,000	\$ 1,357,000	\$ 1,357,000
Benefits-Current Employees	764,970	667,421	774,065	722,000	746,000	746,000
Benefits-Retired/Former Emp	84,897	74,328	77,000	77,000	77,000	77,000
Salary/Benefits Sub-total	2,189,291	1,945,282	2,178,551	2,112,000	2,180,000	2,180,000
Non-Personnel Expenditures						
Utilities	237,000	268,515	336,200	270,000	284,000	284,000
Contract Services	133,000	246,615	184,000	200,000	210,000	210,000
Legal	33,000	95,655	92,000	340,000	307,000	307,000
Property/Liability Insurance	56,000	23,377	23,300	26,000	27,000	27,000
Repairs & Maint- Routine	120,000	67,103	169,100	200,000	210,000	210,000
Information Technology	60,000	48,087	40,600	32,000	34,000	34,000
Financial Service Fees	37,800	34,461	43,900	46,000	48,000	48,000
Operating Expenses	102,300	106,956	104,700	128,000	134,000	134,000
Travel and Training	16,000	10,979	4,700	12,000	13,000	13,000
Advertising and Promotion	5,000	8,214	8,000	20,000	21,000	21,000
Personnel Administration	8,000	222	500	3,000	3,000	3,000
Vessel Destruction	55,000	96,691	138,300	138,300	138,300	138,300
Memberships & Subscriptions	500	338	400	2,000	2,000	2,000
Bad Debts	25,000	52,066	90,200	32,000	34,000	34,000
Miscellaneous Expend.	9,500	6,005	500	2,000	2,000	2,000
Non-Personnel Expend Sub-total	898,100	1,065,284	1,236,400	1,451,300	1,467,300	1,467,300
Total Expenditures	\$ 3,087,391	\$ 3,010,566	\$ 3,414,951	\$ 3,563,300	\$ 3,647,300	\$ 3,647,300
Revenues less Expenditures	\$ (184,155)	\$ (100,685)	\$ (449,173)	\$ (720,000)	\$ (745,000)	\$ (745,000)
One-time Revenues(Expenditures)						
Non-Operating Grants & Reimbursements	-	-	1,000,000	-	-	-
CalPERS Liability Payment	-	-	(938,400)	(938,400)	-	-
Increase(Decrease) to Working Capital	\$ (184,155)	\$ (100,685)	\$ (387,573)	\$ (1,658,400)	\$ (745,000)	\$ (745,000)



Oyster Point Marina

	Fiscal Year 2017/18		Fiscal Year 2018/19		Fiscal Year 2019/20	
	Revised Budget	Actual	Revised Budget	Projected	Preliminary Budget	Final Budget
Operating Revenues:						
Berth / Slip Fees	\$ 1,380,098	\$ 1,326,254	\$ 1,377,000	\$ 1,311,000	\$ 1,418,000	\$ 1,311,000
Leases and CAPs	139,000	170,517	102,000	122,000	122,000	122,000
Long-Term Lot /Launch Fees	13,588	22,489	15,622	16,000	16,000	16,000
Events	-	(750)	2,000	2,000	2,000	2,000
Grants & Reimbursements	55,000	42,501	336,700	61,700	61,700	61,700
Other Operating Revenue	33,000	31,714	25,900	30,000	30,000	30,000
Total Operating Revenues	1,620,686	1,592,725	1,859,222	1,542,700	1,649,700	1,542,700
Non-Operating Revenues:						
Misc. Rev./(Exp.)	5,000	(12,753)	-	-	-	-
Grants & Reimbursements	-	2,492	-	-	-	-
Total Non-Operating Revenues	5,000	(10,261)	-	-	-	-
Total Revenues	\$ 1,625,686	\$ 1,582,464	\$ 1,859,222	\$ 1,542,700	\$ 1,649,700	\$ 1,542,700
Operating Expenditures:						
Salaries/Wages/Benefits Expenditures						
Salaries & Wages	\$ 880,624	\$ 890,767	\$ 978,258	\$ 896,000	\$ 916,000	\$ 916,000
Benefits-Current Employees	418,571	419,935	477,369	421,000	431,000	431,000
Benefits-Retired/Former Emp	80,329	57,664	58,522	59,000	59,000	59,000
Salary/Benefits Sub-total	1,379,524	1,368,366	1,514,149	1,376,000	1,406,000	1,406,000
Non-Personnel Expenditures						
Utilities	118,000	146,842	169,800	80,000	154,000	154,000
Contract Services	177,000	193,556	191,000	180,000	203,000	203,000
Legal	27,000	68,277	113,400	90,000	72,000	72,000
Property/Liability Insurance	36,000	28,887	29,100	32,000	32,000	32,000
Repairs & Maint- Routine	86,000	60,313	105,200	75,000	80,000	80,000
Information Technology	29,000	31,927	33,300	28,000	34,000	34,000
Financial Service Fees	21,400	28,019	28,700	27,000	29,000	29,000
Operating Expenses	51,200	52,536	54,800	60,000	55,000	55,000
Travel and Training	14,000	12,691	11,700	8,000	13,000	13,000
Advertising and Promotion	5,000	3,515	8,000	6,000	4,000	4,000
Personnel Administration	14,000	1,436	1,500	1,500	2,000	2,000
Vessel Destruction	55,000	50,170	61,700	61,700	61,700	61,700
Memberships & Subscriptions	500	850	400	400	1,000	1,000
Bad Debts	25,000	27,052	11,400	25,400	28,000	28,000
Miscellaneous Expend.	2,000	7,957	16,200	4,000	8,000	8,000
Non-Personnel Expend Sub-total	661,100	714,028	836,200	679,000	776,700	776,700
Total Expenditures	\$ 2,040,624	\$ 2,082,394	\$ 2,350,349	\$ 2,055,000	\$ 2,182,700	\$ 2,182,700
Revenues less Expenditures	\$ (414,938)	\$ (499,930)	\$ (491,127)	\$ (512,300)	\$ (533,000)	\$ (640,000)
One-time Revenues(Expenditures)						
CalPERS Liability Payment	-	-	(694,600)	(694,600)	-	-
Increase(Decrease) to Working Capital	\$ (414,938)	\$ (499,930)	\$ (1,185,727)	\$ (1,206,900)	\$ (533,000)	\$ (640,000)



SECTION TWO- FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM



Five-Year Forecasts

Capital Improvement Program Summary

COST ESTIMATES	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Pillar Point Harbor	\$ 1,469,300	\$ 7,989,000	\$ 17,350,000	\$ 3,200,000	\$ 3,250,000	\$ 3,916,000
Oyster Point Marina	88,285	37,800	315,000	3,700,000	2,600,000	200,000
Administration	1,300,000	480,000	2,460,000	-	-	-
TOTAL	\$ 2,857,585	\$ 8,506,800	\$ 20,125,000	\$ 6,900,000	\$ 5,850,000	\$ 4,116,000
FUNDING SOURCES	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
FEMA Funding	\$ 59,500	\$ 427,000	\$ -	\$ -	\$ -	\$ -
DBW Grant	-	800,000	-	-	-	450,000
OPC Grant	75,000	-	-	-	-	-
Grants (TBD)	-	-	7,000,000	-	-	-
Working Capital	2,723,085	7,279,800	13,125,000	4,611,681	2,783,492	3,005,562
Funding (TBD)	-	-	-	2,288,319	3,066,508	660,438
TOTAL	\$ 2,857,585	\$ 8,506,800	\$ 20,125,000	\$ 6,900,000	\$ 5,850,000	\$ 4,116,000

Working Capital

SOURCES (USES)	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Working Capital- Beginning Balance	\$ 18,434,636	\$ 14,250,403	\$ 11,048,051	\$ 1,894,831	\$ 1,258,081	\$ 1,287,954
Operating Revenue	4,382,000	4,441,000	4,574,000	4,711,220	4,852,557	4,998,133
Non-Operating Revenue	7,444,000	7,564,000	7,715,280	7,869,586	8,026,977	8,187,517
Salaries/Wages & Benefits	(4,952,000)	(5,270,000)	(5,533,500)	(5,810,175)	(6,100,684)	(6,405,718)
Non-Personnel Expenditures	(3,112,700)	(3,080,000)	(3,234,000)	(3,395,700)	(3,565,485)	(3,743,759)
One-Time/Biennial	(3,150,000)	-	(600,000)	-	(400,000)	-
Annual Increase in Working Capital	611,300	3,655,000	2,921,780	3,374,931	2,813,365	3,036,173
Working Capital used for CIP	(2,723,085)	(7,279,800)	(13,125,000)	(4,611,681)	(2,783,492)	(3,005,562)
Encumbrances	(2,072,448)	(1,650,000)	(600,000)	-	-	-
Encumbrances Released	-	2,072,448	1,650,000	600,000	-	-
TOTAL ENDING WORKING CAPITAL	\$ 14,250,403	\$ 11,048,051	\$ 1,894,831	\$ 1,258,081	\$ 1,287,954	\$ 1,318,565

Beginning in FY 2021/22, the total ending Working Capital Balances equals 10% of the projected annual revenues. This amount is to be held in reserves as required by the District's Reserve Policy 4.4.3. These reserves constitute the District's contingency and emergency reserves.

The five-year Working Capital projection assumes annual increases as follows: 1) Operating Revenues 3%, 2) Non-Operating Revenues 2%, 3) Salary/Wages & Benefits 5%, and 4) Non-Personnel Expenditures 5%.

The amount shown for One-time/biennial in FY 2018/19 includes \$2,300,000 for paying down the CalPERS unfunded long-term retirement liability and \$850,000 in election costs. The FY 2020/21 and FY 2022/23 include estimates of the biennial election costs. This cost is expected to be less in future years due to the District moving towards districted elections.

Encumbrances is a reserve of funds set aside for a particular contract. See page 35 for details.



Five-Year CIP Detail

PILLAR POINT HARBOR		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Johnson Pier Terminus Repairs							
	Design/Engineering	\$ 10,000	\$ 32,000				
	Construction		500,000				
Johnson Pier Terminus/Fuel Dock /H Dock							
	Design/Engineering	170,000	1,280,000				
	Construction			14,000,000			
	Grant (TBD)			(7,000,000)			
Johnson Pier G Dock							
	Design/Engineering			200,000			
	Construction				3,000,000		
Johnson Pier F Dock							
	Design/Engineering				200,000		
	Construction					3,000,000	
Johnson Pier E Dock							
	Design/Engineering					200,000	
	Construction						3,000,000
Fishing Pier							
	Design/Engineering	50,000					
	Construction		1,000,000				
West Trail							
	Design/Engineering	76,000	618,000				
	Construction		750,000	750,000			
Launch Ramp Dredging							
	Permitting/Bid Docs	59,500	27,000				
	Dredging		400,000				
	FEMA Funding	(59,500)	(427,000)				
Harbormaster Bldg.							
	CDP/Bid Docs	50,000					
	Construction		300,000				
Parking Lot B, C2, C3							
	Design/Engineering		50,000				
	Construction			400,000			
Launch Ramp Impr./Restroom/Boat Wash							
	Design/Engineering		200,000				
	Construction			1,500,000			
Surfers Beach Restoration							
	Design/Engineering	104,000	107,000				
	Construction		1,500,000	500,000			
	OPC Grant Funding	(75,000)					
	DBW Grant Funding		(800,000)				
Vehicles/Vessels							
	Trucks					50,000	
	All-Terrain Vehicle		25,000				
	Rescue Vessel						900,000
	DBW Grant Funding						(450,000)
	Golf Carts (2)						16,000
	Two PWCs (purchased)	27,500					
Completed Projects							
	Lessee Sidewalk	448,000					
	Romeo Pier Demo	460,500					
	Transformers A-C	13,800					



Five-Year CIP (continued)

PILLAR POINT HARBOR (cont)		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Habitat Restoration			\$ 400,000				
EV Parking Places			200,000				
RV Restroom Project			400,000				
Coastal Trail Improvements			200,000				
TOTAL PILLAR POINT HARBOR		\$ 1,334,800	\$ 6,762,000	\$ 10,350,000	\$ 3,200,000	\$ 3,250,000	\$ 3,466,000
OYSTER POINT MARINA		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Dock 12							
Design/Engineering				\$ 200,000			
Construction					1,400,000	600,000	
Dock 13							
Design/Engineering					200,000		
Construction						2,000,000	
Dock 14							
Design/Engineering							200,000
Construction							
Evaluation of Dock 16 in Accordance with MOU							
					100,000		
40k sq. ft. Parcel Building							
Design/Engineering				100,000			
Construction					2,000,000		
Vehicles/Vessels							
Repower Challenger	4,200	37,800					
Electric Golf/Dump Cart			15,000				
Completed Projects							
Bait Shop Building	26,983						
Transformers Dock 1-6	57,102						
TOTAL OYSTER POINT MARINA		\$ 88,285	\$ 37,800	\$ 315,000	\$ 3,700,000	\$ 2,600,000	\$ 200,000
ADMINISTRATION		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Admin Office/Land Purchase		\$ 1,300,000					
Design/Engineering			80,000				
Construction				2,000,000			
Enterprise Resource Planning System							
Consulting Services			400,000	400,000			
Software Price				60,000			
TOTAL ADMINISTRATION		\$ 1,300,000	\$ 480,000	\$ 2,460,000	\$ -	\$ -	\$ -
SUMMARY		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Pillar Point Harbor		\$ 1,334,800	\$ 6,762,000	\$ 10,350,000	\$ 3,200,000	\$ 3,250,000	\$ 3,466,000
Oyster Point Marina		88,285	37,800	315,000	3,700,000	2,600,000	200,000
Administration		1,300,000	480,000	2,460,000	-	-	-
TOTAL		\$ 2,723,085	\$ 7,279,800	\$ 13,125,000	\$ 6,900,000	\$ 5,850,000	\$ 3,666,000

The above summary information presents total estimated costs (uses) net of grants/funding (sources).



2019/20 CIP- Oyster Point Marina



Challenger Repowered

The Challenger was purchased in 2004 and requires the replacement of the two fifteen year old outboard engines.

Purchase & Installation	\$37,800
Working Capital	\$(37,800)

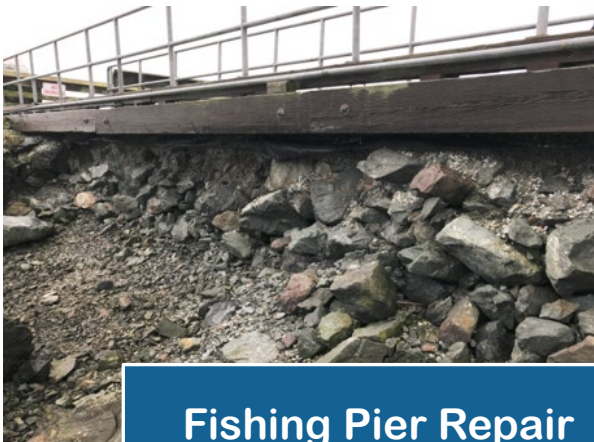
2019/20 CIP- Pillar Point Harbor



Surfers Beach

District Consultant is working closely with staff and other agencies to move this project forward. A DBW grant was approved by the Board on 5/23/18 to partially fund this project. Technical Specifications and permitting is in progress.

Design/Engineering	\$107,000
Construction	\$1,500,000
DBW Grant	\$(800,000)
Working Capital	\$(807,000)



Fishing Pier Repair

The PPH Fishing Pier has suffered substantial erosion in places along its breakwater foundation support. Rip rap must be replaced before structural damage occurs. The decking and safety hand railings around the circumference of the pier will also be repaired and/or replaced to become ADA compliant.

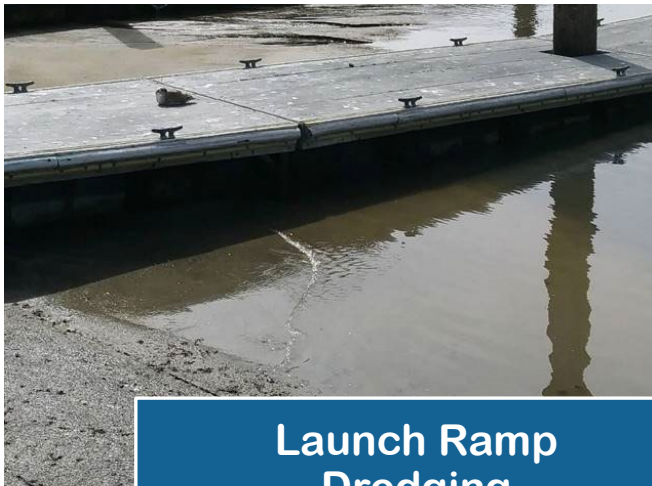
Construction	\$1,000,000
Working Capital	\$(1,000,000)



**Launch Ramp Restroom/
Boat Wash/ Ramp
Improvements**

The restrooms at the PPH launch ramp improvements are over 20 years old and are in poor condition. The restroom building is of modular construction and due to its poor condition, it is most cost effective to replace the entire building. A Consultant is working on design, engineering and permitting for the replacement.

Design/Engineering \$200,000
Working Capital (\$200,000)



**Launch Ramp
Dredging**

This project was initiated in 2016 and approved for Disaster Relief Funding by FEMA/CalOES. The FAA approved a staging site within the airport boundary. Bid documents are being evaluated.

Permitting/Bid Docs \$27,000
Dredging \$400,000
FEMA/CalOES \$(427,000)



**Harbormaster
Building**

This project was approved by the Board at a Dec 2017 meeting. Preliminary construction drawings are expected to be completed and an Invitation to Bid will be released. A CCC/CDP waiver has been approved.

Construction \$300,000
Working Capital \$(300,000)



West Trail Erosion Protection

The PPH West Trail and adjacent bluffs have sustained substantial erosion. The District is investigating beach nourishment alternatives with an emphasis on Living Shoreline options. District Consultant is working with Program Manager on Coastal Conservancy grant funding.

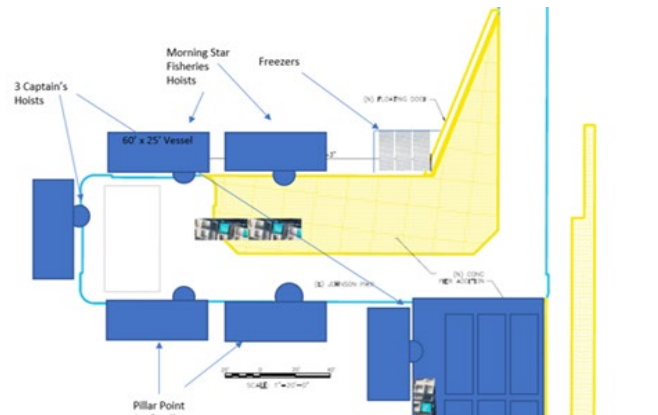
Design/Engineering	\$618,000
Construction	\$750,000
Working Capital	\$(1,368,000)



Parking Lots B, C2, C3

Slurry & stripe parking Lots B, C2 & C3. Polices for RV use in parking lot is expected to be vetted before this project will be started.

Design/Engineering	\$50,000
Working Capital	\$(50,000)



Johnson Pier Terminus & Fuel Dock Replacement

Design/Engineering consultant has been hired to work on the Johnson Pier Terminus, Fuel Dock Replacement and H-Dock Replacement. The projects have been combined so that programmatic permitting is cost efficient. Consultant will also assist in developing grant opportunities.

Design/Engineering	\$1,280,000
Working Capital	\$(1,280,000)



CIP Appropriations & Estimated Encumbrance Re-appropriations

Capital Improvement Projects typically take longer than a fiscal period to complete. The Harbor Commission approves capital project contracts for design/engineering services and construction throughout the fiscal year. Finance staff sets aside District resources to fund the contract by entering an encumbrance (purchase order) into the accounting system. At the end of a fiscal year there are open contracts for projects that have not been completed. The last column of the following list represents the **estimated** outstanding balance \$(2,072,448) of each of the projects listed. Upon adoption of the Final Capital Improvement Program, **the Harbor Commission approves the re-appropriation of the actual encumbrance amount outstanding.**

For example, the design/engineering phase of the Johnson Pier Pile Repairs may be completed by June 30, 2019 and the actual open amount may be \$0 instead of \$32,000. The Harbor Commission's approval for re-appropriation of encumbrances for this project in FY 2019/20 would be \$0.

In addition, **with the adoption of the CIP, the Harbor Commission approves appropriations of \$200,000.** The appropriations will be used at the discretion of the General Manager for the repowering of the Harbor Patrol Boat at OPM, the purchase of an all-terrain vehicle at PPH, and any contracts that meet the definition of a Capital Asset and are within the General Manager's purchasing authority of \$25,000.

All other CIP appropriations will be approved when the Harbor Commission approves a CIP contract.

Estimated Encumbrances to be Re-appropriated

Project	Approval Date(s)	Contractor	Original Contract	Change Orders	Total Contract	Estimated Spending thru 6/30/19	Estimated Encumbrance Re-appropriation
West Trail Erosion Protection	04/04/16 11/01/17 04/17/19	GHD, Inc	\$184,086	\$249,722 \$618,145	\$1,051,953	\$433,713	\$618,240
Surfers Beach Replenishment	11/16/17 04/17/19	Damitz	\$50,000	\$56,000	\$106,000	\$66,000	\$40,000
Surfers Beach Replenishment	09/19/18	Environmental Science	\$105,000	-	\$105,000	\$38,000	\$67,000
Surfers Beach Replenishment	04/11/19	Kinetic Labs	\$15,080		\$15,080	\$7,080	\$8,000
Johnson Pier Pile Repairs	03/20/19	Moffatt & Nichol	\$42,300	-	\$42,300	\$10,300	\$32,000
PPH RV Park Restroom	04/11/19	Matthews Architects	\$13,000	-	\$13,000	\$13,000	-
PPH Office Remodel	12/20/17	Matthews Architects	\$34,100	-	\$34,100	\$34,100	-
Johnson Pier & H-Dock Replacement	03/15/17 03/20/19	Moffatt & Nichol	\$143,700	\$1,318,000	\$1,461,700	\$181,492	\$1,280,208
Launch Ramp Dredge	01/18/17	Moffatt & Nichol	\$24,900	-	\$24,900	\$24,900	-
Launch Ramp Dredge	01/18/17 04/17/19	Damitz	\$13,993	\$47,700	\$61,693	\$34,693	\$27,000
Fishing Pier Rehab	10/18/17	Moffatt & Nichol	\$82,600	-	\$82,600	\$82,600	-
TOTAL ESTIMATED RE-APPROPRIATION							\$2,072,448



SECTION THREE- POLICIES & DEFINITIONS



District Policies and Guidelines

Reserve Policy

The District's reserve policy establishes a minimum level at which the District's reserve balance is to be maintained. The District believes that sound financial management principles include anticipating and preparing for future funding requirements as well as unforeseen and unexpected emergencies, disasters, and/or other events. The limits defined in the District's Reserve Policy is intended to "maintain a prudent level of financial resources to protect against reducing service levels or raising fees because of the temporary revenue shortfalls or unpredicted one-time expenditures" (recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting). In addition, this policy is intended to document the appropriate Reserve level to protect the District's credit worthiness.

The term "Reserve" in this instance refers only to the portion of Working Capital that is intended to provide stability and respond to unplanned events or opportunities. The term "Working Capital" is an accounting term defined as current assets less current liabilities in Enterprise funds.

The District will maintain a minimum "unassigned reserves" of 10% of annual revenue projections or \$1,200,500 for 2019/20 Budget Year per Reserve Policy 4.4.3.

Investment Policy

The District's Investment Policy is in compliance with California Government Code 53600. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives of the investment activities, in priority order, shall be:

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of the capital in the overall portfolio. To attain this objective, diversification is required so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the District to meet all the operating requirements, which might be reasonably anticipated.
- **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.



Debt Management Policy, Capacity, and Issuance

The District will be fiscally prudent and in compliance with state and federal law. California Harbors and Navigation Code Section 6077 prescribes that the bonded indebtedness of the District not exceed 15% of the assessed value of property within the District. To issue bonds that require additional property tax assessments, the bond proposition must pass with two-thirds of the voting electors approving such proposition. Since the District's boundaries are the same as the San Mateo County's boundaries, the District uses the County's gross assessed value of property for July 1, 2018 through June 30, 2019, of about \$211.2 billion (per County's Tax Rate Book), making the debt limit approximately \$31.7 billion.



Definitions & Abbreviations

Accrual Accounting: A method of accounting that recognizes expenses when incurred and revenues when earned, rather than when payment is made or received.

Adopted Budget: The budget that is approved and enacted by the Harbor Commission on or before June 30th.

Appropriation: The allocation of funding for Salaries/Wages & Benefits expenditures, Non-Personnel expenditures, and for Capital Project expenditures. A budgetary term used for Harbor Commission approved expenditures.

Balanced Budget: A balanced budget exists when total projected revenues are equal to, or greater than, total projected operating expenditures.

California Coastal Commission (CCC): California State agency with regulatory oversight over land use and public access in the California coastal zone.

California Coastal Development Permit (CDP): A development permit issued by the CCC in the coastal zone.

California Division of Boating and Waterways (DBW): A division of the State of California Parks Department which provides funding for Harbor and Marina activities.

California Office of Emergency Services (CalOES): California Governor's Office agency that oversees and coordinates emergency preparedness, response, recovery, and homeland security activities within the state.

California Public Employees' Retirement System (CalPERS): The nation's largest public pension fund that delivers retirement and health care benefits to the District employees, retirees, and their beneficiaries.

Capital Asset: Assets such as land, structures, improvements, furniture and/or equipment, vehicles, vessels that are expected to last and/or be used for more than one year. The District defines capital assets as a value of \$10,000 or more and a useful life of 5 years or more.

Capital Improvement Program (CIP): The District's plan for current and future projects related to the acquisition, expansion, or rehabilitation of land, buildings, equipment, and other public infrastructure.

Depreciation: Depreciation Expense is recorded in the District's Audited Financial Reports on an annual basis. This amount represents an allocation of an asset's original cost over the life of the asset. Accumulated depreciation is the accumulation of annual expense of an asset from the time asset was acquired up to a single point in the asset's useful life.

Federal Aviation Administration (FAA): A federal government agency that regulates all aspects of civil aviation in the nation.

Federal Emergency Management Agency (FEMA): A part of the U.S. Department of Homeland Security that provides funding to help people before, during, and after disasters.

Generally Accepted Accounting Principles (GAAP): GAAP is a combination of authoritative standards (set by policy boards) and the commonly accepted ways of recording and reporting accounting information. GAAP improves the clarity of the communication of financial information.

Governmental Fund: Funds generally used to account for tax-supported activities. The District records property tax revenue in the Enterprise Fund.



Encumbrances: Commitments related to unfilled contracts for goods and services including purchase orders.

Encumbrance Accounting: Purpose is to prevent further expenditure of funds in light of commitments already made.

Enterprise Funds: Funds to account for services that are provided to the public on a user charge basis, similar to the operation of a commercial business. The District accounts for financial transactions in an Enterprise Fund. Focuses on long-term economic resources.

Expenditures: Term used for money going out from a governmental entity to pay for the services or functions and facilities that the entity provides to the public. It is used for modified accrual accounting while the term Expense is used for full accrual accounting.

Fiscal Year (FY): A 12-month period of time to which the annual budget applies. The District's fiscal year begins on July 1st and ends on June 30th.

Memorandum of Understanding (MOU): Generally used to describe a written agreement between two government entities or between a government entity and an employee union.

Net Pension Liability (NPL): The amount by which the total pension liability exceeds the pension plan's net assets.

Net Position: The residual of all other financial statement elements presented in a statement of financial position.

Operating Budget: Focuses on one fiscal year and on-going activities of the District.

Oyster Point Marina (OPM): A recreational marina, public beach, and bayside park located in the City of South San Francisco. The District operates OPM under a Memorandum of Understanding with South San Francisco, which owns the facility.

Pillar Point Harbor (PPH): A commercial fishing harbor that also supports sport fishing and recreational boating located in and adjacent to the Pacific Ocean. PPH is owned and operated by the District.

Special District Leadership Foundation (SDLF): A California 501 (c) (3) organization formed to promote and recognize excellence in the governance and management of special districts.

Working Capital: Working Capital is an Enterprise Fund's functional equivalent of unrestricted fund balance in a Governmental Fund. Working Capital is calculated as Current Assets minus Current Liabilities equals Working Capital.