

# San Mateo County Harbor District

Budget Workshop  
April 15, 2015



# Purpose Of The Budget

- **The purpose of the budget is to estimate revenues and establish expenditure authority. Each year a government must include current-year capital spending in its operating budget.**

# Basis of Accounting For Budgets

- **Despite the importance of budgets and the influence of budgeting on financial reporting, both the GASB (Government Accounting Standards Board) and FASB (Financial Accounting Standards Board) establish generally accepted principles only for financial reporting, NOT for budgeting.**

# Accrual or Modified Accrual?

- The budgetary basis of enterprise funds may be the accrual basis (i.e., the GAAP basis for enterprise funds) or the modified accrual basis (i.e., a non-GAAP budgetary basis). While the accrual basis requires budgeting for depreciation, which some question as non-productive in a governmental environment; nevertheless, it might be easier to use the accrual basis of budgeting to be consistent with the accrual basis of accounting required for enterprise fund reporting.
- Conversely, some may adopt budgets for enterprise funds on the same basis as they adopt budgets for the governmental funds(modified accrual). This method allows them to appropriate resources for capital outlay and debt service payments.

# Fiscal Year 2015-16 Budget

## Schedule remaining:

- May 6th– Public Hearing and Adoption of Preliminary Operating and Capital Budget by Resolution per Harbors and Navigation Code Section 6093, and Adoption of FY 2015-16 Rates & Fees.
- No later than 30 days before the hearing date, publish a notice pursuant to Section 6061 of the Government Code stating the Preliminary Budget has been adopted.
- June 17, 2015-Fix/Adopt the Final Budget by Resolution. Adopt Wage & Salary Classification Schedule by Resolution.
- July 1, 2015 Adopted Budget goes into effect.

# Proposed Budget: Sources and Uses of Funds

- 33% Operating Rev
- 49% Taxes
- 1% Reimb/Grants
- 16% Reserves
- 1% Other

## Sources of Funds



## Budgeted Use of Funds

- 34% EE Costs
- 25% Operating Exp
- 11% Debt Service
- 30% Capital Expenses

# Mission Statement

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

# Mission Statement

- Does it address all services the District provides?
- What does the District provide in addition to its Mission Statement?



# Who are our users? Do they all pay user fees?

- DIRECT- Harbor Users
- INDIRECT-County Wide Residents
- “FREE RIDERS”- In economics, the **free rider problem** occurs when those who benefit from resources, goods, or services do not pay for them, which results in either an under-provision of those goods or services, or in an overuse or degradation of a common property resource.

# Operating Revenues-Direct Harbor Users

- Berthing
- Rents & Concessions
- Commercial Activity Fee
- Launch Ramp
- RV Lot
- Laundry
- Boat Wash
- Hoist Fees
- Key Fees
- Event Fees
- Miscellaneous



# Rents & Concessions-Leases



# PPH-Maverick's Surf Competition- Event Fee



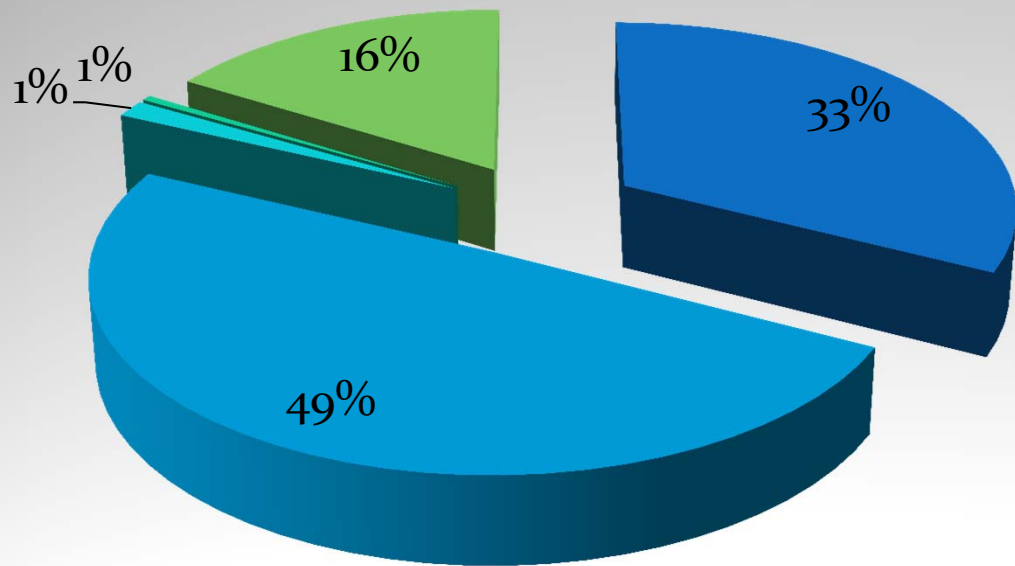
# OPM-5 K Run/Walk-Event Fee



# Non-Revenue Generating Activities

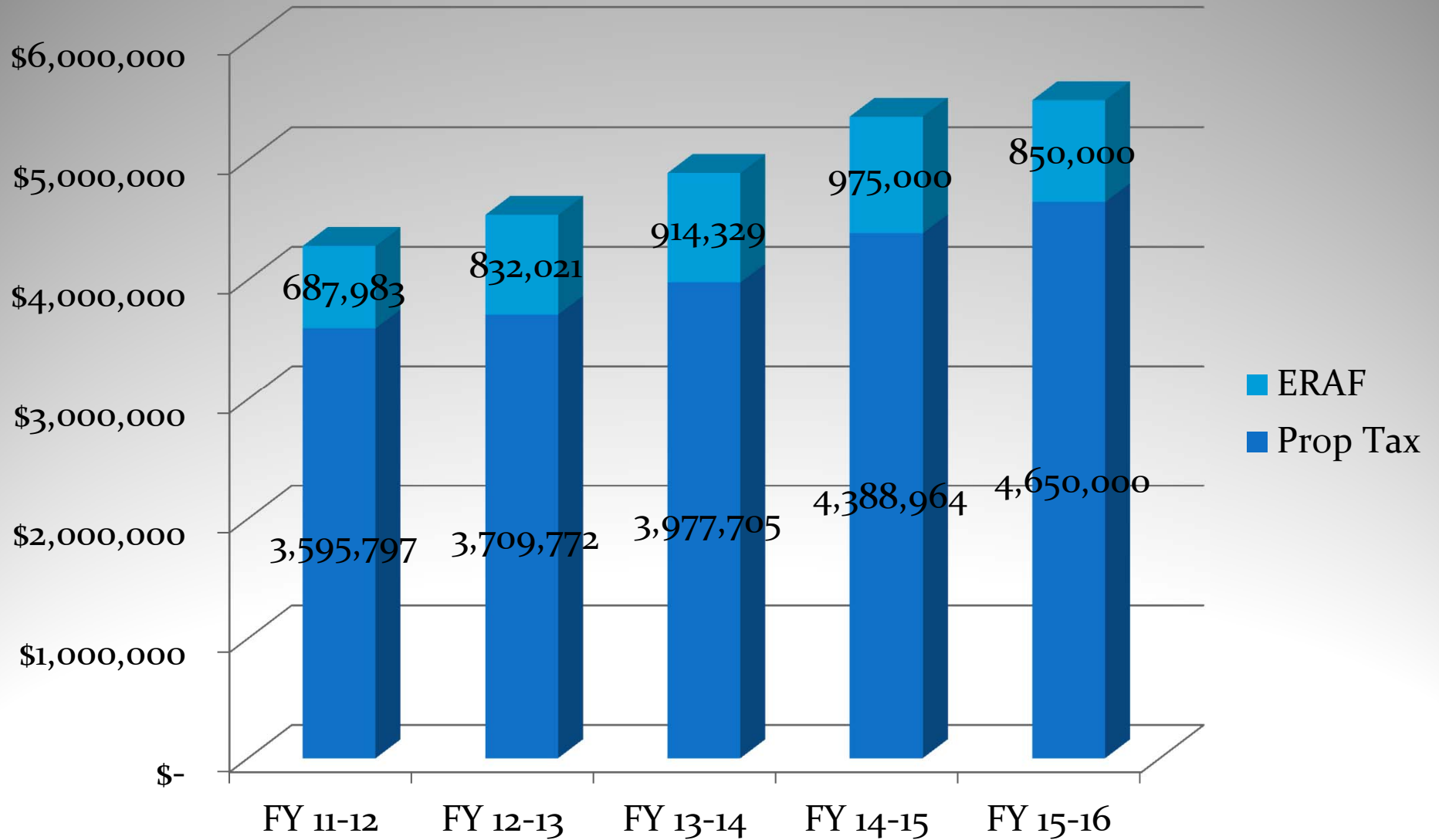
- Search and rescue
- Bay trail maintenance
- Landscape maintenance
- Coastal trail access
- Beach access
- Trash removal
- Parking
- Public restrooms
- Public fishing piers
- Harbor of refuge
- Free Wifi
- Some public events

# District Sources of Funds



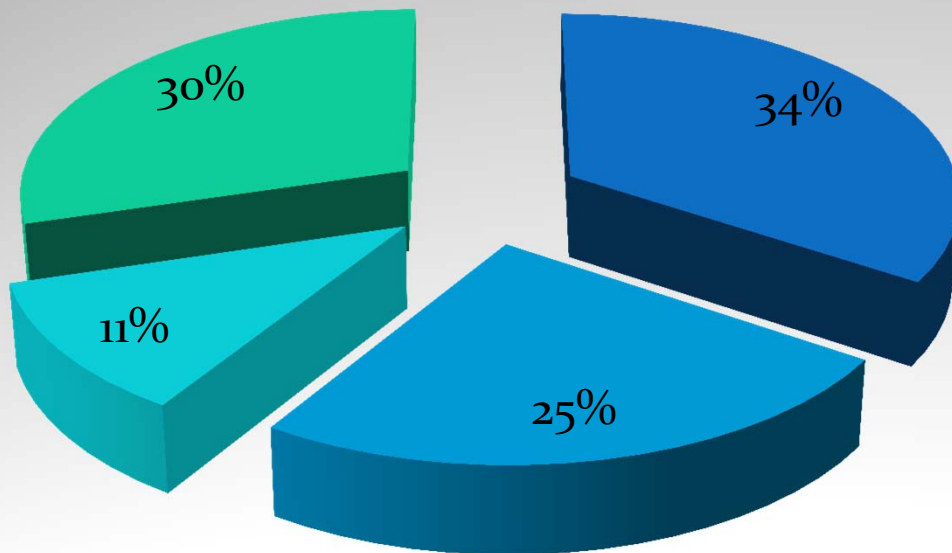
- Operating Revenues  
\$3,622,583
- Taxes (including ERAF)  
\$5,500,000
- Operating Grants/Reimb  
\$160,000
- Interest Income \$51,319
- Draw on Reserves  
\$1,802,210

# Tax Revenue Breakdown





# District Uses of Funds



- Salaries & Benefits  
\$4,202,228
- Operating Expenses  
\$3,014,355
- Debt Service  
\$1,393,094
- Capital Expenditures  
\$3,629,190

Pillar Point Harbor is a protected “Harbor of Refuge” (Harbors and Navigation Code Section 70.3) along the San Mateo County California Coast.



## PILLAR POINT HARBOR, HMB

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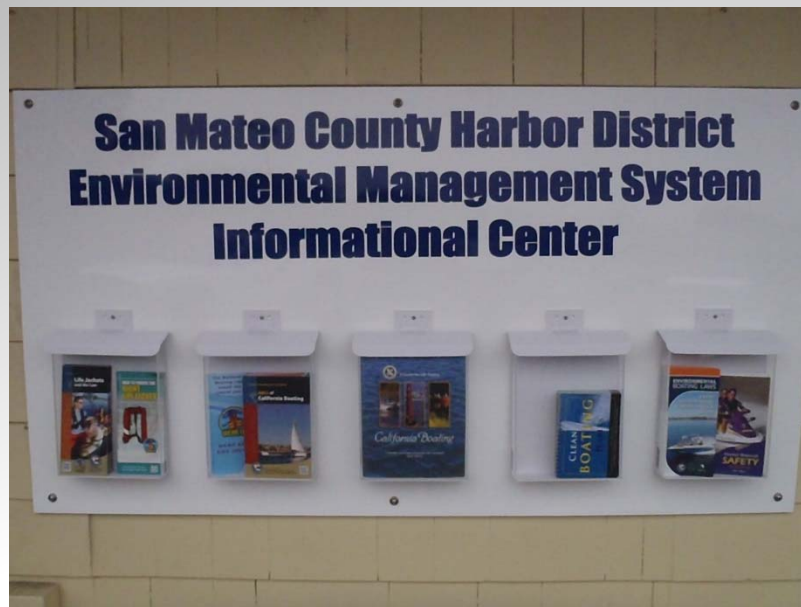
### **About Pillar Point Harbor:**

Pillar Point Harbor is a protected harbor of refuge along the San Mateo County California Coast. It is home port to a vital commercial fishing industry, to sport fishermen, and to pleasure boaters seeking the amenities this modern coastal harbor facility provides. The Harbor has 369 berths and an inner and outer breakwater, making it one of the safest harbors in the United States. The harbor is also situated within the boundaries of the Monterey Bay National Marine Sanctuary with its natural and ocean resources protected by the National Marine Sanctuaries Program under the National Oceanic & Atmospheric Administration.

Clean Marina Certification-Both Pillar Point Harbor and Oyster Point Marina received certification March 20, 2013

**Mission Statement ([www.cleanmarina.org](http://www.cleanmarina.org))**

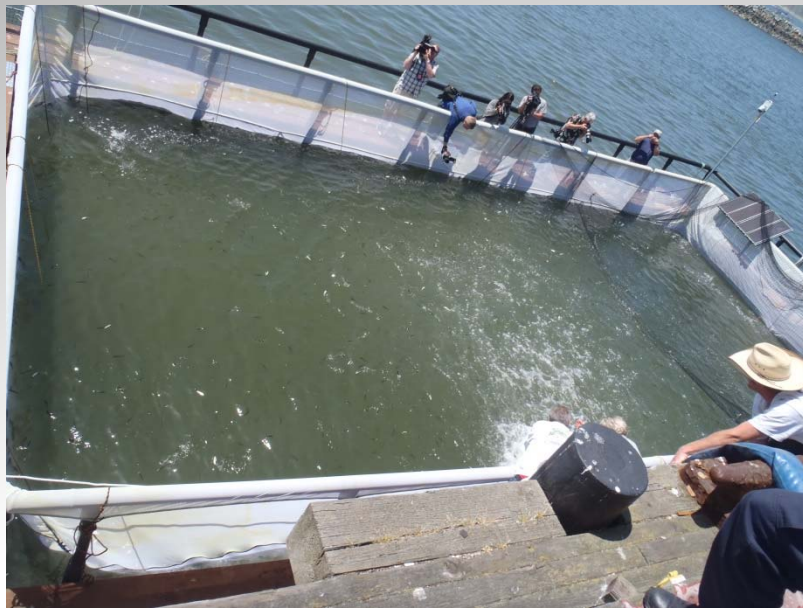
*The Clean Marinas program is an ongoing endeavor, by a marina industry alliance, determined to provide environmentally clean facilities and protect the states' coastal and inland waters from pollution through compliance of best management practices.*



# PPH-Public Events-Annual Sand Castle Event-Inner Harbor Beach



# PPH-Hosts Salmon Breeding



# PPH Maintenance-Trash

Pallets/Crab Season



Hazardous Waste



# Property Maintenance

Launch Ramp Dredging

Graffiti Abatement





# Property Maintenance-Asphalt Repairs



# Property Maintenance-Asphalt Repairs



# Public Places Maintenance

**Removed from Launch Ramp at PPH**

**Public Restroom Maintenance(PPH), Also 5 Portable Toilets (2) at Foot of Fishing Pier and (3) at Mitigation Lot-start of trail to Mavericks (Cost \$15,600/Year)**



# Public Places Maintenance

## Vessel Abatement

Vessel Abatement Grant amounts vary year to year to cover a percentage of costs



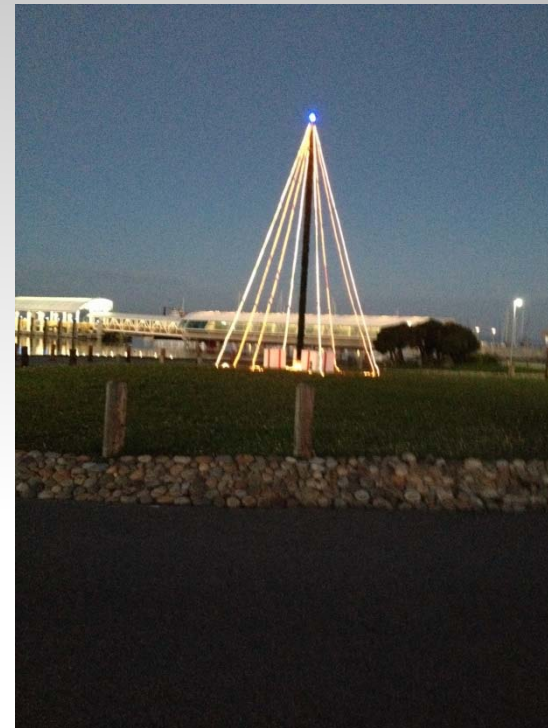
# Boat Lighting Contest

Tenants decorate boats for Holiday spirit and prizes donated by local sponsors and the Grand Prize is a free month berthing.

Contest is viewed by tenants and the public and includes Santa pictures, music, hot chocolate and a live choir.



# OPM-Christmas Decorating Contest



# OPM-Kite Festival

Boy Scout Assistance

With Public Kite Festival



# PPH-Public Events

CIA Cook Off Event

Vessel Safety Check Station





# PPH Educational Activities

Junior Lifeguard Training

Junior Lifeguard Education



# PPH –Educational Activity-School Field Trip



# Field Trip-Cont'd



# PPH-Public Services

**Pump Out Services-Free to all users**



**Emergency Services-No charges to users**



## Search and Rescue Operations

Pillar Point is unique because it provides search and rescue services to all boaters. Over the past two decades, its dedicated crew performed an average of 110 rescues annually, saved more than 100 lives, and millions of dollars in boats and equipment. They train with and assist the U.S. Coast Guard.



# Oyster Point Marina/Park



# Oyster Point Marina Park-Easter Egg Hunt

Dragon Boat Participation

U.S. Coast Guard Demonstration



# Oyster Point Marina Park Public Services-ADA Compliant Restrooms





# Oyster Point Marina Park Public Services

Porta Potty Dump Station

Boat Wash Station-User Fees



# Oyster Point Marina Park Public Access

ADA Fishing Pier

San Francisco Bay Vista



# Oyster Point Marina Park Public Access

Beach Access-Swimming



Windsurf Launch Ramp



OYSTER POINT MARINA PARK  
WINDSURF LAUNCH RAMP  
ATTENTION WINDSURFERS  
• ADVANCED SAILING AREA  
• STRONG, GUSTY, OFFSHORE WINDS  
• HAVE ABILITY TO WATER  
START AND SELF RESCUE  
• OPEN DAWN TO DUSK  
• NO MOTORIZED VESSELS NO FISHING  
• IN CASE OF EMERGENCY CONTACT:  
• OYSTER POINT HARBOR PATROL  
(650) 952-2888 OR VHF 16  
• SOUTH SAN FRANCISCO POLICE DEPARTMENT  
EMERGENCY 911  
NON-EMERGENCY (650) 877-8900  
• UNITED STATES COAST GUARD (415) 536-2103

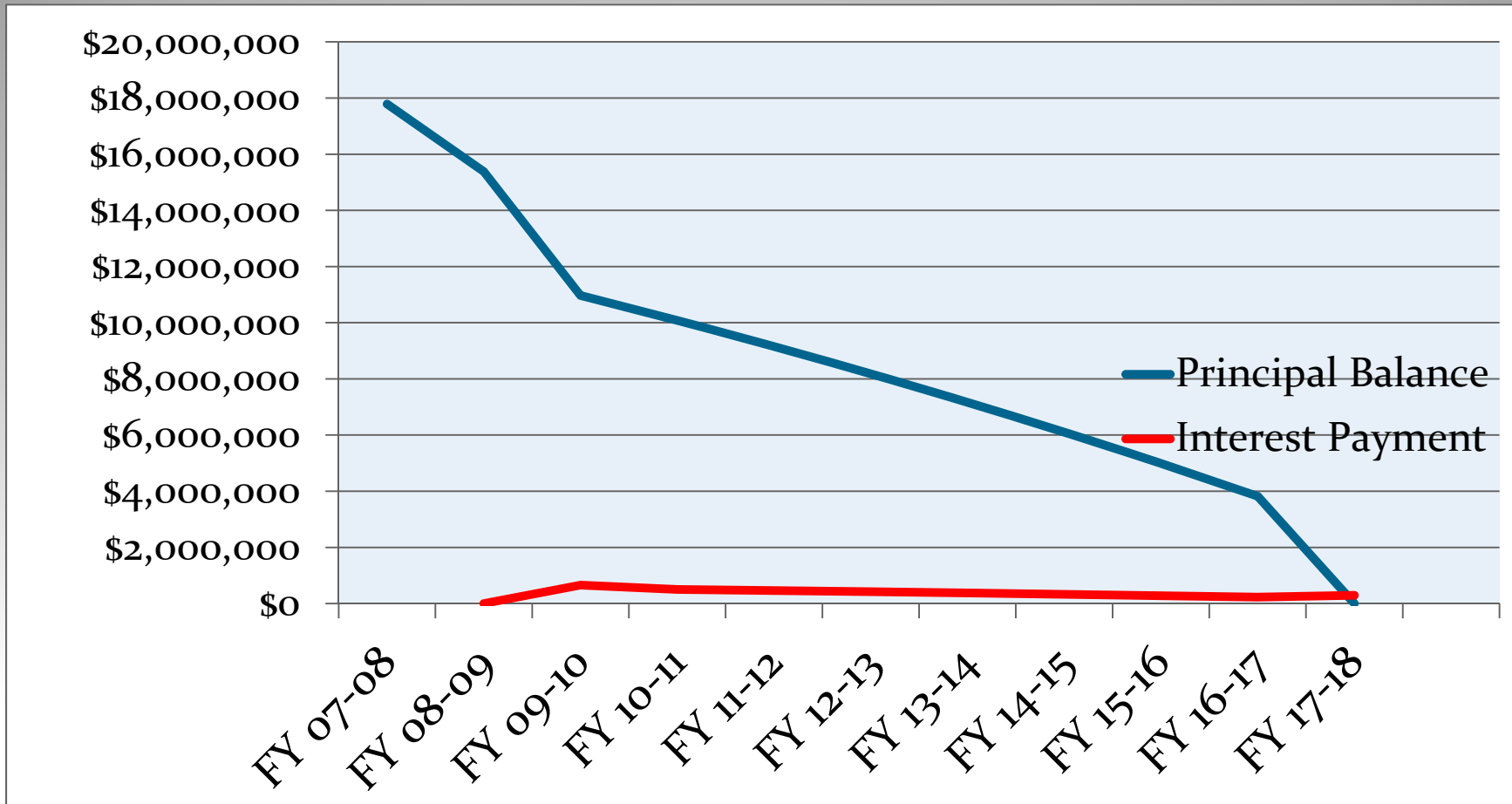


San Mateo County Harbor District

# Opportunities

- Declining Debt Balance
- Accessible Cash
- ~~Paid Parking~~
- Limited Termination Benefit Liability
- Union Negotiations
- Charge User Fees for Services?
- Continue to Accelerate Receivables
- ~~Sale of Surplus Land~~
- ~~New Building on Alhambra~~
- Salary savings due to retirements
- Grant Procurement
- Move for rent savings?
- Create 5 year Capital Plan

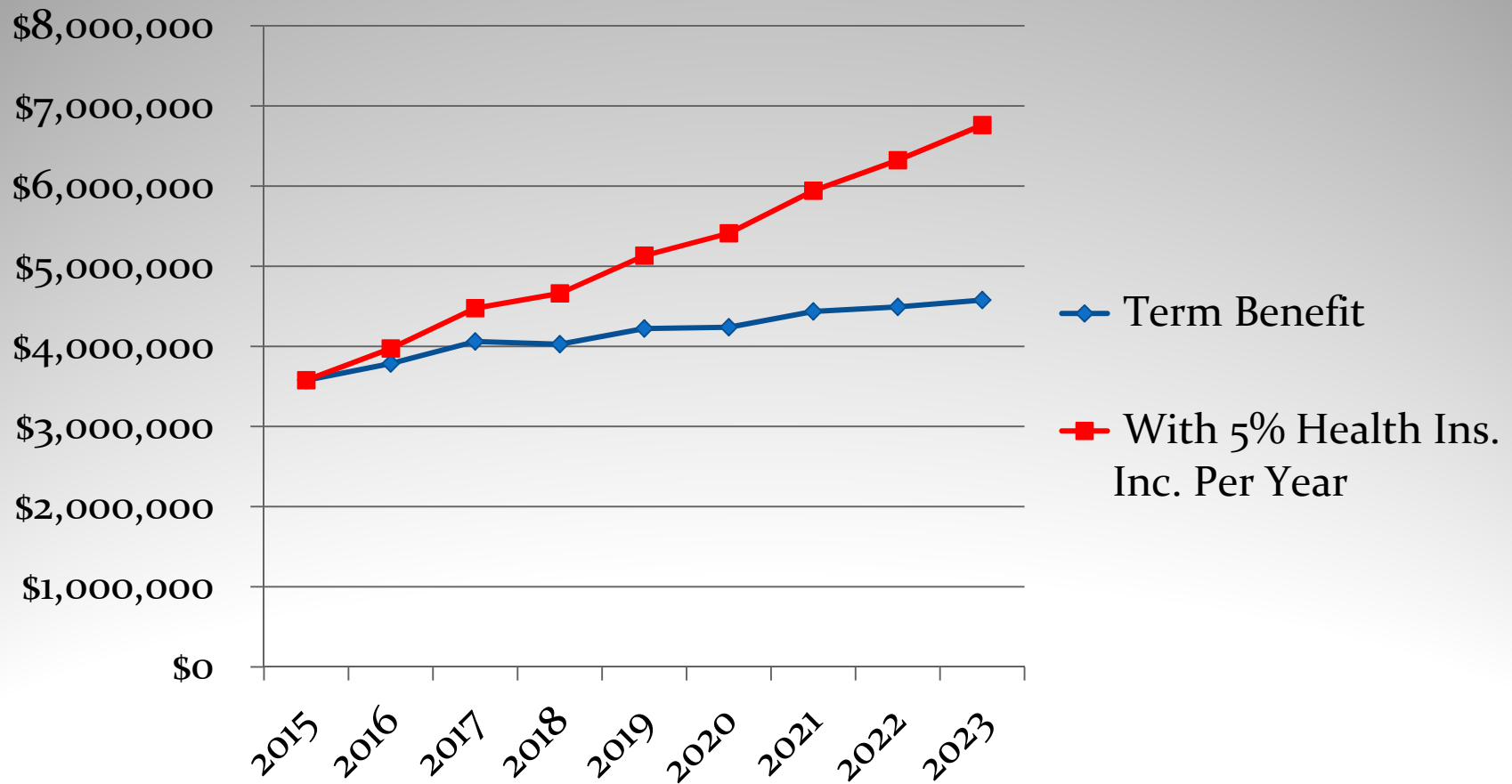
# Debt Balance – Existing Debt



# Challenges

- **Dependence on Non-Operating Revenues**
- **Continued ERAF Tax Refunds are Uncertain**
- **Aging Facilities**
- **Increased Legal Costs**
- **Board Dynamics**
- **Cost increases in Benefits**

# Termination Benefit Liability



# Capital Project Expenses

## Capital Improvement Projects

	<u>Budgeted Projects</u>	<u>Estimated Carryover</u>	<u>Combined Projects</u>
<b>Oyster Point Marina:</b>			
Correct Flooding Issues	25,000	-	25,000
Compactor	40,000	-	40,000
Dock 12 Referbishment	500,000	-	500,000
<b>Total Oyster Point Marina</b>	<b>565,000</b>	<b>-</b>	<b>565,000</b>
<b>Pillar Point Harbor:</b>			
Mooring Replacements	25,000	-	25,000
Leasee Sidewalk	300,000	-	300,000
Rip Rap Fishing Pier Repair	300,000	-	300,000
Johnson Pier Electrical Feed Power	173,000	-	173,000
Dock Fingers	580,257	-	580,257
Radon Boat Replacement or Repair	120,000	-	120,000
Harbor Office Remodel	200,000	-	200,000
Romeo Pier	650,000	-	650,000
Trench Drains at Boat Launch Ramp	40,000	-	40,000
Launch Ramp Restroom Design	250,000	-	250,000
Inner Harbor Dredging	70,000	-	70,000
West Trail-Fix Erosion	-	355,933	355,933
	<b>2,638,257</b>	<b>355,933</b>	<b>3,064,190</b>
<b>TOTAL DISTRICT</b>	<b>3,203,257</b>	<b>355,933</b>	<b>3,629,190</b>



# Following are Capital Projects in FY 15-16

- As we review these slides let's ask these following questions.....
  - 1. Is it Revenue Producing?
  - 2. Is this a Health and Safety Concern?
  - 3. Any potential litigation if not done?
  - 4. Can it be postponed till next year?

# OPM-Tidal Design at Harbor Master Office and Guest Dock \$25,000.

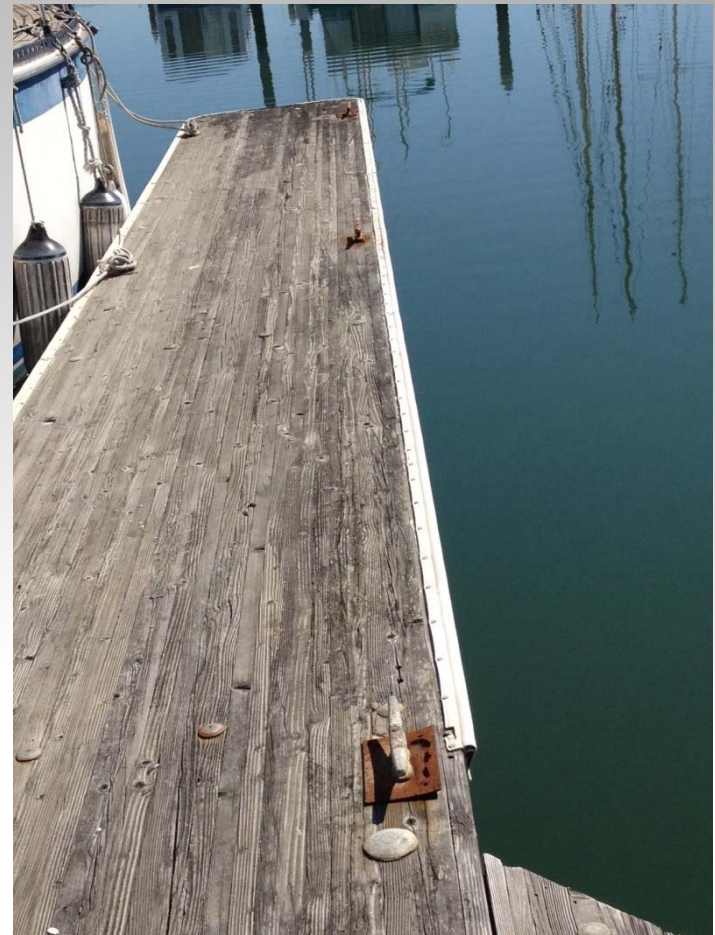


# OPM-Replace Trash Compactor

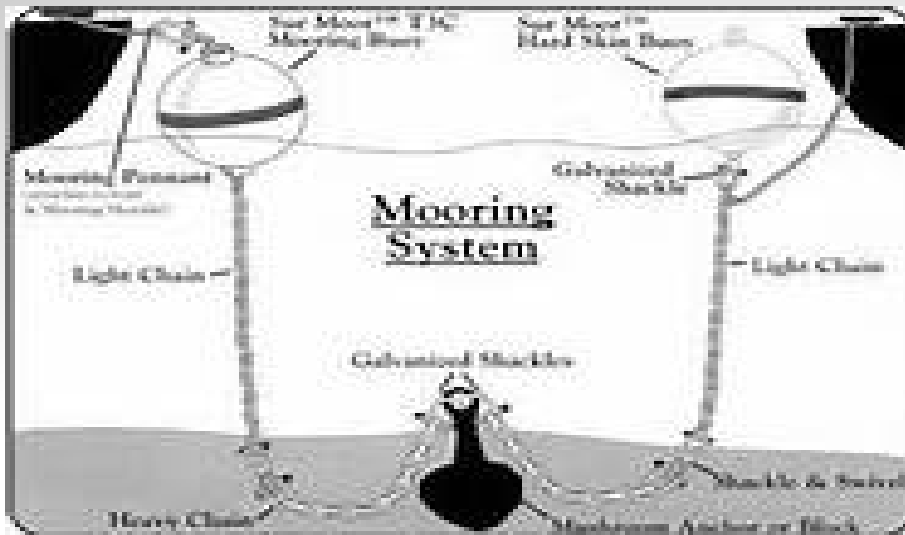
\$40,000



# OPM-Dock 12 Refurbish \$500,000



# PPH-District Moorings Refurbish \$25,000.



# PPH Sidewalk \$300,000



# PPH-Rip Rap Fishing Pier Repair

\$300,000



# Johnson Pier Electrical \$173,000





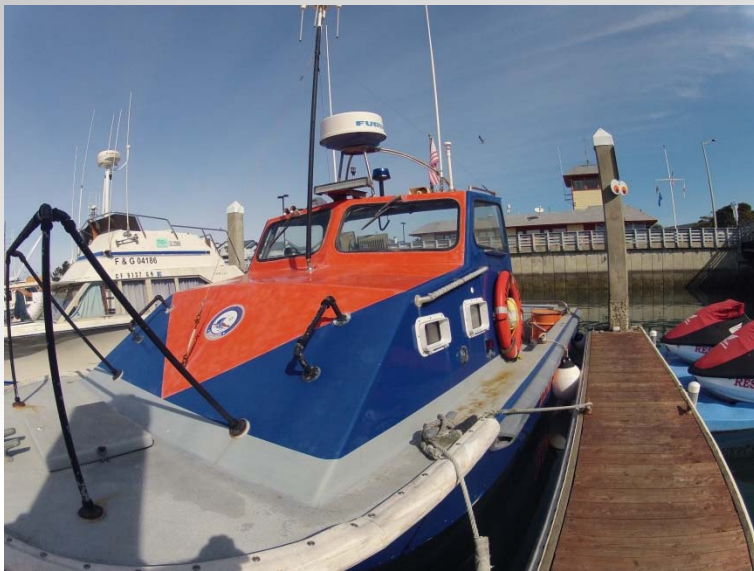
# PPH-Dock Fingers-\$580,257



# PPH-Radon Patrol Boat

**Repair? \$120,000**

**Replace? \$350,000**



# Harbor Office Remodel \$200,000



# Romeo Pier Removal-\$650,000



# Sewer Pit Drains \$40,000



# PPH-Launch Ramp Restroom

\$250,000



# PPH-Inner Harbor Dredging

## \$70,000



# PPH -Trail to Mavericks Repair \$355,933.





# Capital Project Expenses

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# Other Capital Projects to consider

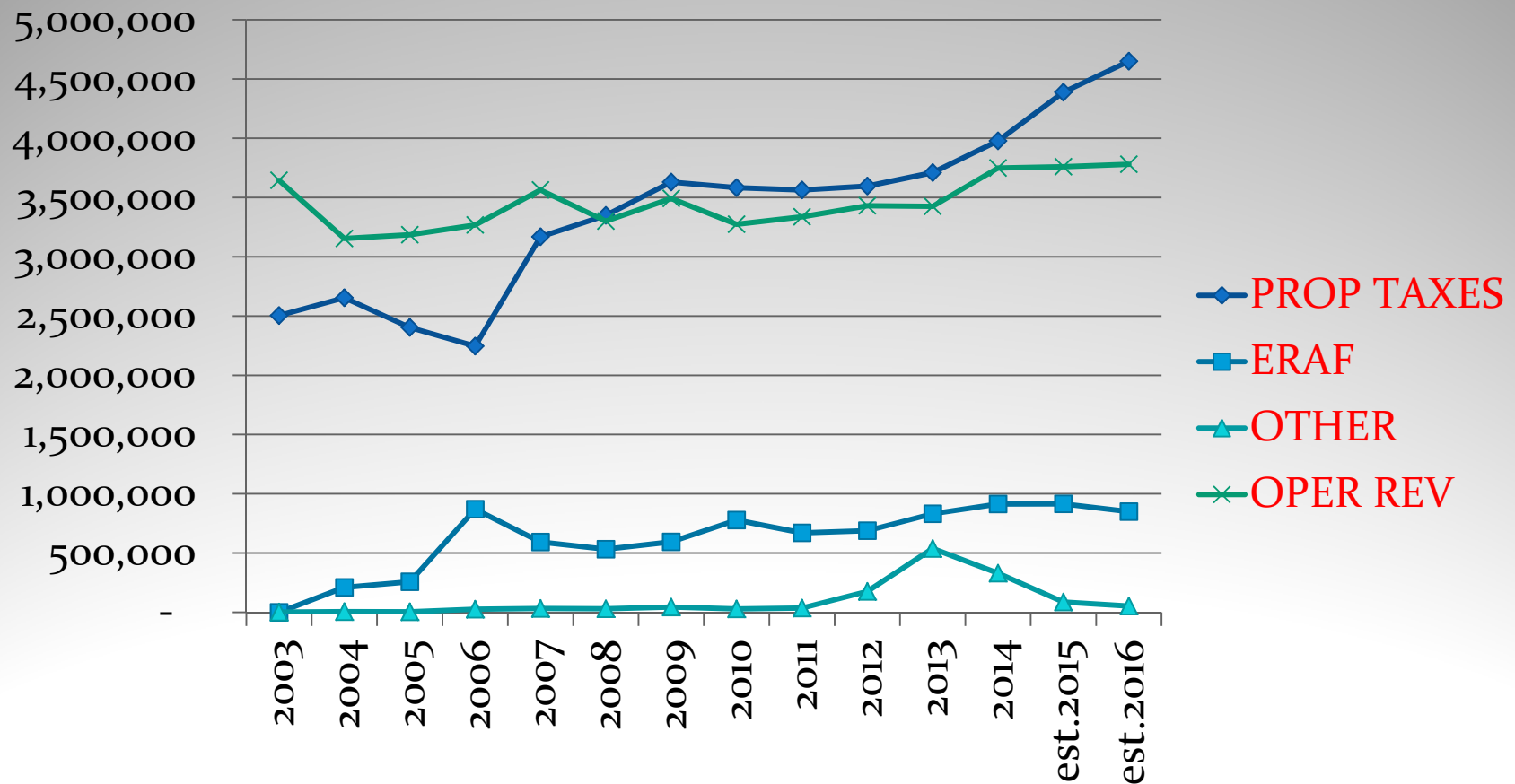
- **OPM Restroom/Cost Share/Grant**
- **Flow Meters to Launch Ramp Drains**
  
- **How do we pay for them?**
- **Reserves?**
- **Solicit Financing? (requires DBW approval)**

# Flow Meters to Launch Ramp Drains

\$175,000

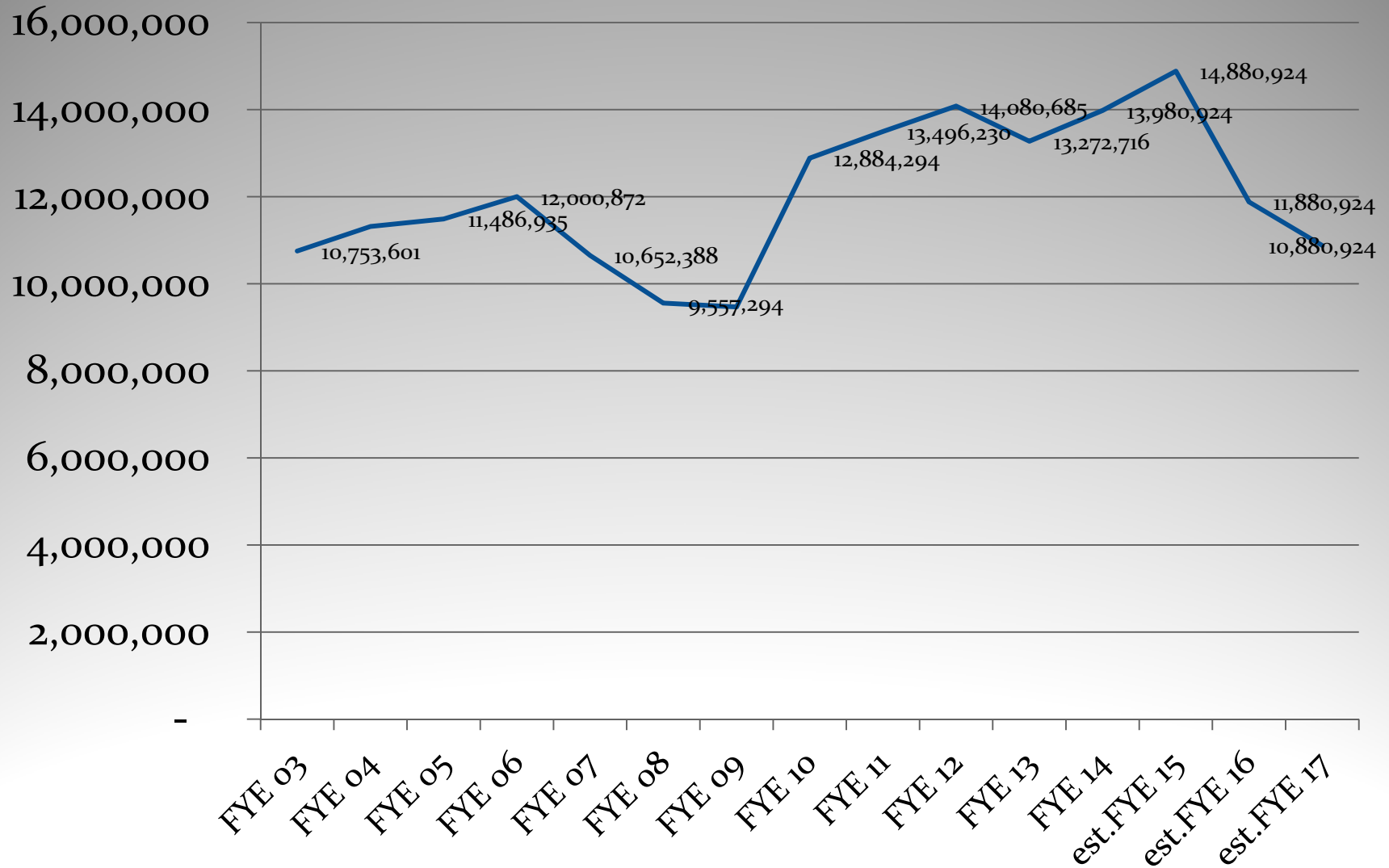


# 2003-2014 Revenue from Cash Flow Statement



Note: \$3.6M WETA Payment in 2010 excluded

# Cash Totals from Financial Balance Sheet (FYE 03-14)



# Why are cash reserves declining?

- **Aging facilities require maintenance. Capital projects are funded by the reserves.**
- **Increased CALPers Expense, increased Health and Welfare costs, Termination Benefit assumes all increase costs paid by District.**
- **Operational Revenues and Taxes do not cover all services provided. Reserves are used to close gap**



# How are we addressing the declining reserves?-LAST YEAR

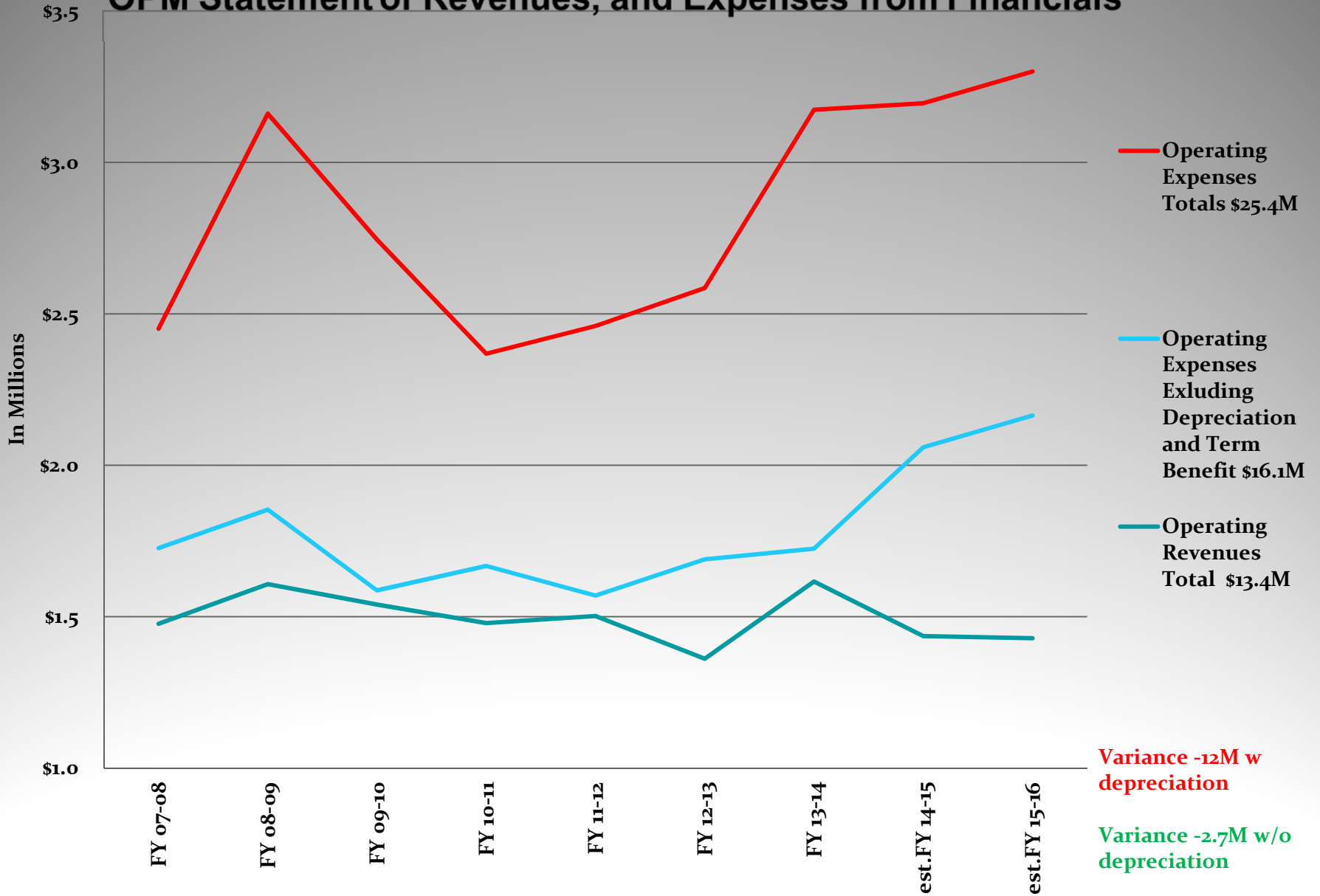
- Reducing Capital Expenditures.
- New two-tiered system in place for new employees allows for cost savings to the District.
- Proposed Paid Parking.
- Moving District office to District owned building.
- New leases to negotiate.
- Apply for more grants.
- Strategic Plan will study finding new revenue sources.

# Oyster Point Marina Park Property –RFP for new tenant

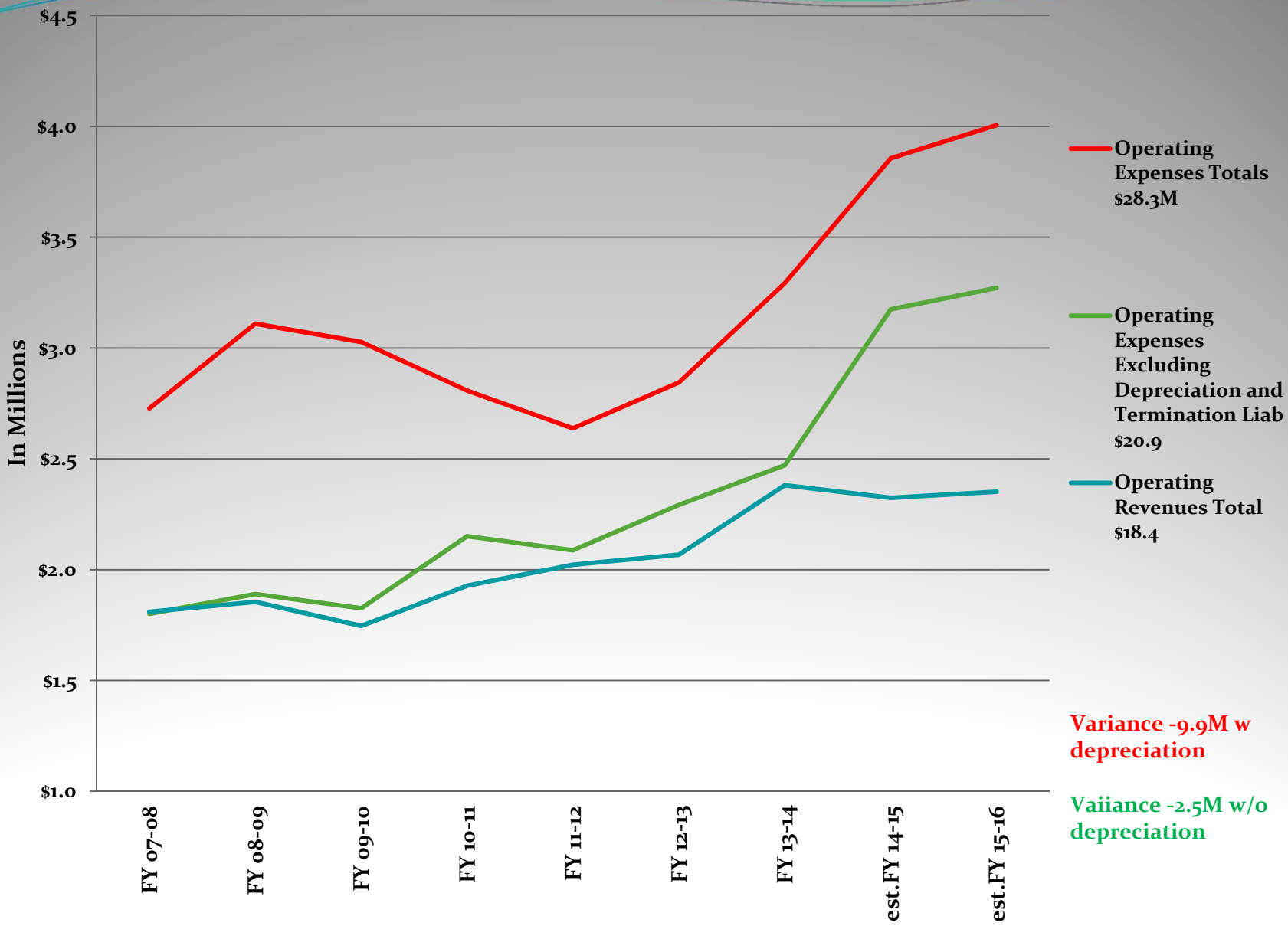




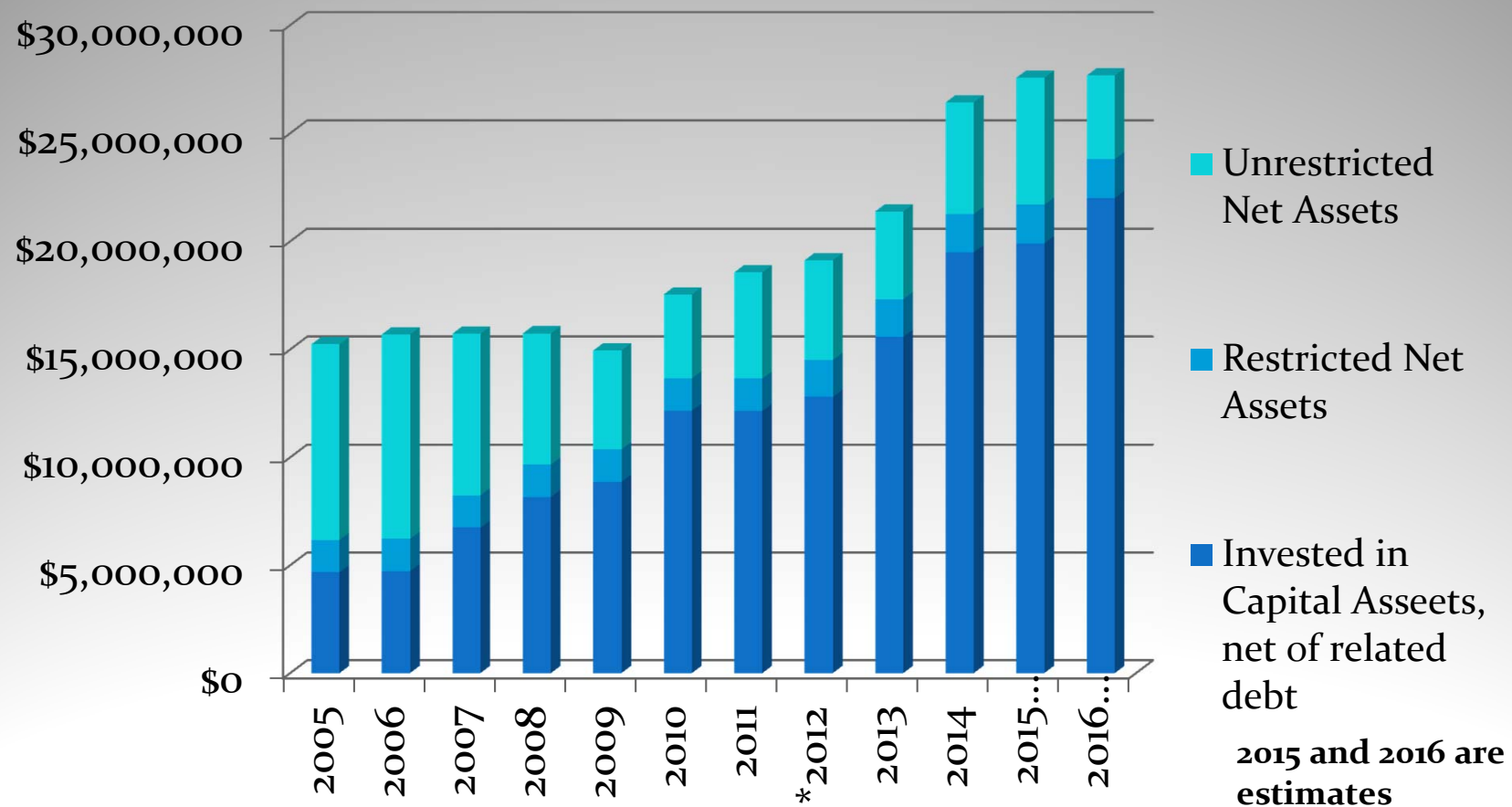
# OPM Statement of Revenues, and Expenses from Financials



# PPH Statement of Revenues, and Expenses from Financials



# Assets-Liabilities = NET ASSETS



\*EXCLUDES net assets at June 30, 2012, increased to \$39,126,210 from \$18,564,087 in 2011. The increase in net assets was primarily due to a recent capital asset valuation.

THANK YOU

