

San Mateo County Harbor District Board of Harbor Commissioners Meeting Agenda

December 3, 2014

**Sea Crest School, Think Tank, Room #19
901 Arnold Way
Half Moon Bay, Ca. 94019**

6:00 p.m.

All Harbor District Commission meetings are recorded and televised on PCT and replayed the following Friday at 6:00 a.m. and the following Saturday at 7:00 a.m. Copies can also be purchased from PCT and mailed for \$18.

Persons requiring special accommodation with respect to physical disability are directed to make such requests per the Americans With Disabilities Act to the Deputy Secretary to the Board at 650-583-4400.

Roll Call

Commissioners

Pietro Parravano, President
James Tucker, Vice President
William Holsinger, Treasurer &
Secretary
Sabrina Brennan, Commissioner
Robert Bernardo, Commissioner

Staff

Peter Grenell, General Manager
Debra Galarza, Director of Finance
Marietta Harris, Human Resource Manager
Scott A. Grindy, Acting General Manager
Charles White, Acting Harbor Master - OPM
John Draper, Acting Harbor Master - PPH
Debbie Nixon, Deputy Secretary
Steven Miller, District Counsel

Public Comments/Questions -

The Public may directly address the Board of Harbor Commissioners for a limit of three minutes, unless a request is granted for more time, on any item of public interest within the subject matter jurisdiction of the San Mateo County Harbor District, Board of Harbor Commissioners that is not on the regular Agenda. If a member of the public wishes to address the Board on an Agenda Item, that person must complete a Public Speaker Form and wait until that Item comes up for discussion. Agenda material may be reviewed at the administration offices of the District, 400 Oyster Point Blvd., Suite 300, South San Francisco, CA 94080 or online at www.smharbor.com.

Staff Recognition-

Consent Calendar

All items on the consent calendar are approved by one motion unless a Commissioner requests at the beginning of the meeting that an item be withdrawn or transferred to the regular agenda. Any item on the regular agenda may be transferred to the consent calendar.

- 1 **TITLE:** **Minutes of Meeting November 19, 2014**
 REPORT: Draft minutes
 PROPOSED ACTION: Approval

- 2 **TITLE:** **Amendment to Existing Special Use Permit for Mavericks Invitational, Inc.**
 REPORT: Harris, Memo
 PROPOSED ACTION: Approve amendment to existing Special Use Permit for Mavericks Invitational, LLC and Cartel Management

- 3 **TITLE:** **Reinstate January 7, 2015 Board of Harbor Commissioners Regular Meeting**
 REPORT: Grenell, Memo
 PROPOSED ACTION: Reinstate January 7, 2015 Regular Meeting of the Board of Harbor Commissioners

- 4 **TITLE:** **Terminate Harbor Worker B Certified Employment List and Authorize General Manager to Prepare New Harbor Worker B Certified Employment List**
 REPORT: Harris, Memo
 PROPOSED ACTION: Terminate Harbor Worker B Certified Employment List and authorize general manager to prepare new Harbor Worker B Certified Employment List

New Business

- 5 **TITLE:** **Proclamation for Peter Grenell**
 REPORT: Parravano, Proclamation
 PROPOSED ACTION: Approve proclamation

- 6 **TITLE:** **District Annual Financial Statement and Independent Auditor's Report**
 REPORT: Doyle, Report
 PROPOSED ACTION: Accept the Financial Statement and Independent Auditor's Report

- 7 **TITLE:** **Bills and Claims in the Amount of \$212,936.19**
REPORT: Bills and Claims Detailed Summary
PROPOSED ACTION: Approval of Bills and Claims for payment and a transfer in
the amount of \$212,936.19 to cover payment of Bills and
Claims
- 8 **TITLE:** **Authorization to Pay Bills and Claims Occurring Between
December 4, 2014 and the first Regular Meeting in
January 2015 in an Amount Not to Exceed \$650,000.00**
REPORT: Grenell, Memo
PROPOSED ACTION: Authorize Payment of Bills and Claims Occurring Between
December 4, 2014 and the date of the first Regular meeting in
January 2015 in an Amount Not to Exceed \$650,000.00
- 9 **TITLE:** **Policy on Confidential Communications**
REPORT: Miller, Memo, Draft Policy
PROPOSED ACTION: To be determined

Staff Reports: a) Administration and Finance

- 10 **General Manager - Grenell**
- 11 **Acting General Manager - Grindy**
- 12 **Director of Finance - Galarza**
- 13 **Human Resources Manager - Harris**

b) Operations

- 14 **Oyster Point Marina/Park – White**
- 15 **Pillar Point Harbor – Draper**

Board of Harbor Commissioners

- 16 A. Committee Reports
- B. Commissioner Statements and Requests
1. The Board of Harbor Commissioners may make public statements limited
to five (5) minutes.

2. Any Commissioner wishing to place an item on a future agenda may make a motion to place such an item on a future agenda

17 TITLE: **Identification of District Real Property Negotiator**
REPORT: Parravano
PROPOSED Designate District Real Property Negotiators Peter Grenell,
ACTION: Jan Gray, and Barbara LaVey

Closed Session

18 TITLE: **Conference with Real Property Negotiators Peter Grenell, Jan Gray, and Barbara LaVey: Pursuant to Government Code Section 54956.8**

PROPERTY: **“Post Office Lot”, El Granada, San Mateo County, APN # 047-261-030**

NEGOTIATING PARTIES: San Mateo County Harbor District, Coastside Fire Protection District, Granada Community Services District, Global Quality Foods, Inc.

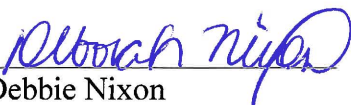
UNDER NEGOTIATION: Price, Terms of Payment for Sale of Property

Adjournment

***The meetings for December 17, 2014 and January 7, 2015 have been cancelled.**

The next scheduled meeting will be held on January 21, 2014 at the Municipal Services Building, 33 Arroyo Drive, South San Francisco at 6:00 p.m.

Agenda Posted As Required:
November 26th at 9:00 a.m.


Debbie Nixon
Deputy Secretary

**San Mateo County Harbor District
Board of Harbor Commissioners
Meeting Minutes**

November 19, 2014

6:00 p.m.

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**Municipal Services Building
33 Arroyo Drive
South San Francisco, Ca. 94080**

Roll Call

Commissioners

Pietro Parravano, President
James Tucker, Vice President
William Holsinger, Treasurer &
Secretary
Sabrina Brennan, Commissioner
Robert Bernardo, Commissioner

Staff

Peter Grenell, General Manager
x Debra Galarza, Director of Finance
x Marietta Harris, Human Resource Manager
Scott A. Grindy, Acting General Manager
Charles White – Acting Harbor Master – OPM
John Draper – Acting Harbor Master - PPH
Debbie Nixon, Deputy Secretary
Steven Miller, District Counsel

x-absent

Brennan joined the meeting at 6:06 p.m.
Bernardo joined the meeting at 6:12 p.m.

Public Comments/Questions – None.

Staff Recognition – None.

Consent Calendar

All items on the consent calendar are approved by one motion unless a Commissioner requests at the beginning of the meeting that an item be withdrawn or transferred to the regular agenda. Any item on the regular agenda may be transferred to the consent calendar.

- 1 TITLE: **Minutes of Meeting November 5, 2014**
 REPORT: Draft minutes
 PROPOSED ACTION: Approval

Action: Motion by Tucker, second by Holsinger to approve the minutes. The motion passed.

Ayes: Holsinger, Parravano, Tucker
Absent: Bernardo, Brennan

Continued Business

- 2 TITLE: **United States Army Corps of Engineers Surfer's Beach
Project Payment Pursuant to Adjustment of In-Kind
Contribution**
 REPORT: Grenell, Memo, Attachment, Resolution
 PROPOSED ACTION: Adopt Resolution 35-14 to amend FY2014/15 budget and
approve payment to USACE in an amount not to exceed
\$89,316.00

Action: Motion by Tucker, second by Holsinger to adopt Resolution 35-14 to amend FY2014/15 budget and approve payment to USACE in an amount not to exceed \$89,316. The motion passed.

Ayes: Holsinger, Parravano, Tucker
Absent: Bernardo, Brennan

New Business

- 3 TITLE: **Bills and Claims in the Amount of \$101,693.68**
 REPORT: Bills and Claims Detailed Summary
 PROPOSED ACTION: Approval of Bills and Claims for payment and a transfer in
the amount of \$101,693.68 to cover payment of Bills and
Claims

Action: Motion by Holsinger, second by Tucker to approve the bills and claims.

Ayes: Holsinger, Parravano, Tucker
Absent: Bernardo, Brennan

Staff Reports: a) Administration and Finance

4 General Manager - Grenell

Grenell presented his report.

5 Acting General Manager- Grindy

Grindy presented his report.

6 Director of Finance- Galarza

Grenell presented Galarza's report.

7 Human Resources Manager – Harris

Grenell presented Harris' report.

b) Operations

8 Oyster Point Marina/Park – White

White presented his report.

9 Pillar Point Harbor – Draper

Draper presented his report.

Board of Harbor Commissioners

10 A. Committee Reports

None.

B. Commissioner Statements and Requests

1. The Board of Harbor Commissioners may make public statements limited to five (5) minutes.

None.

2. Any Commissioner wishing to place an item on a future agenda may make a motion to place such an item on a future agenda

Action: Motion by Holsinger, second by Tucker to agendize an item on the next agenda to have an informational item regarding the unauthorized electrical use at Johnson Pier. The motion passed.

Ayes: Holsinger, Parravano, Tucker
Nays: Brennan
Absent: Bernardo

Action: Motion by Brennan to agendize an item on the next agenda to discuss hiring an executive search firm for the General Manager position. The motion failed due to lack of a second.

Action: Motion by Brennan to agendize an item on the next agenda to reinstate the January 7, 2015 Board of Harbor Commissioners meeting. The motion failed due to lack of a second.

- 11 TITLE: **Identification of District Real Property Negotiator**
REPORT: Parravano
PROPOSED: Designate District Real Property Negotiator Peter Grenell and
ACTION: Jan Gray

Parravano designated Grenell, Gray and LaVey as the Real Property Negotiators.

PUBLIC COMMENT – Fran Pollard, Dan Haggerty

Action: Motion by Tucker, second by Holsinger to adjourn to closed session. The motion passed at 6:20 p.m.

Closed Session

- 12 TITLE: **Conference with Real Property Negotiator Peter Grenell:
Pursuant to Government Code Section 54956.8**
- PROPERTY: **“Post Office Lot”, El Granada, San Mateo County, APN #**
REPORT: **047-261-030**
NEGOTIATING: San Mateo County Harbor District, Coastside Fire Protection
PARTIES: District, Global Quality Foods, Inc.
UNDER
NEGOTIATION: Price, Terms and Conditions for Sale or Purchase of Property

No reportable action from closed session.

Adjournment

Action: Motion by Tucker, second by Bernardo to adjourn the meeting. The motion passed at 7:12 p.m.

The next scheduled meeting will be held on December 3, 2014 at the Sea Crest School, 901 Arnold Way, Half Moon Bay at 6:00 p.m.

Debbie Nixon
Deputy Secretary

Pietro Parravano
President

Staff Report

AMENDMENT TO EXISTING SPECIAL USE PERMIT FOR MAVERICKS INVITATIONAL, INC.

Recommendation

- Approve amendment to existing Special Use Permit for Mavericks Invitational, Inc. and Cartel Management

Background

In May 2013, the Board of Harbor Commissioners approved the Special Use Permit for Mavericks Invitational Inc., for three years. In September 2014, the Board approved an amendment to the contest window that will now be from January 1, 2015 through March 31st.

Mavericks Invitational Inc. has requested that their partners, Cartel Management, be added to the name of the permittee.

Analysis

This will allow the Mavericks International Inc. and Cartel Management to provide for an optimal event.

Fiscal Impact

There is no fiscal impact from this change.


Conclusion

Staff recommends approval of the addition to the name of the permittee. All other terms and conditions remain the same.

Memo

Date: 11/25/2014

To: Board of Harbor Commissioners

From: Peter Grenell, General Manager 

Re: Reinstate January 7, 2015 Board of harbor Commissioners Regular Meeting

RECOMMENDATION

Reinstate January 7, 2015 Board of Harbor Commissioners Regular Meeting.

BACKGROUND

The Board of Harbor Commissioners cancelled the January 7, 2015 Commission meeting on October 1, 2014 in view of the holiday season. Since that action, it has come to the attention of staff that Commissioner Brennan desires to convene a Special Meeting of the Commission on January 6th or 7th, at a different venue from the Regular coastside meetings following the swearing in of the recently elected and re-elected Commissioners on January 5th.

In consideration of the challenges facing District staff in trying to schedule a Special Meeting within narrow time constraints, including securing a venue consistent with requirements for and constraints on changing meeting dates, times, and venues, and also determining the proposed meeting's agenda (as yet unknown) and posting it in a timely manner, and notwithstanding the Commission's prior action, I have considered it most consistent with past practice, varying Commission viewpoints, and to reduce extraordinary demands on

staff during the holiday season, to place an item on the December 3rd Commission meeting agenda to enable the Commission to reconsider its prior scheduling action of October 1st and take into account Commissioner Brennan's desire for an early January meeting, to reschedule a Regular Meeting of the Commission on January 7th at the usual time and venue. The latter has been tentatively reserved and PCTV has indicated its availability to video record the meeting proceedings.



MEMORANDUM

TO: Board of Harbor Commissioners

FROM: Marietta L. Harris, Human Resources Manager

DATE: November 24, 2014

SUBJECT: Terminate Current Harbor Worker B List as of December 31, 2014 and Authorize Staff to Recruit for New Certified Employment List for Harbor Worker B.

RECOMMENDATION

Approve termination of the current Certified Employment List for Harbor Worker (B) as of December 31, 2014 and authorize staff to recruit for new certified employment list for Harbor Worker (B).

BACKGROUND

The employment lists for Deputy Harbormaster and Harbor Worker (B) were extended in October 2014. The certified list for Harbor Worker (B) contained three names. The interested parties were notified that there may be an opening and they all notified us that they would be interested in the position.

Upon contacting them to set up interviews for the current open positions, only one person responded and is being hired. Of the other two, one stated they are no longer interested and the Harbor District has not heard from the other. We currently have two openings and there is no one on the list. We need a new certified list.

CONCLUSION

Authorize staff to advertise, test and interview to create a new certified list for Harbor Worker (B).

PROCLAMATION

SAN MATEO COUNTY HARBOR DISTRICT

TO HONOR

Peter Grenell

General Manager

PROCLAIMED, by the Board of Harbor Commissioners that:

WHEREAS, Peter began full-time employment with the San Mateo County Harbor District on May 12, 1997; and

WHEREAS, during over seventeen and one-half years of dedicated service, Peter met all challenges head-on and without hesitation; and

WHEREAS, Peter has served the District, its governing Board, staff and the public with dedication and good humor; and

WHEREAS, Peter brought to the Harbor District 13 and one-half years of work experience at the California State Coastal Conservancy and brought valuable insight into conserving our beautiful California Coastline; and

WHEREAS, during his tenure at the San Mateo County Harbor District Grenell accomplished many things, such as helping to bring the San Francisco Bay Ferry Terminal to South San Francisco at Oyster Point Marina/Park, as well as providing a link between the existing Bay Trail on the North side of Oyster Point and the South side, thus completing the Bay Trail around the perimeter of Oyster Point Marina/Park. He was instrumental in obtaining grants totaling over \$3,788,758 million for facilities improvements at Pillar Point Harbor and Oyster Point Marina/Park including rebuilding docks and boat launch ramps and improving access to the Oyster Point Marina/Park fishing pier; and

WHEREAS, Peter through hard work and perseverance worked with Pillar Point Harbor fishermen to fund and create the Fishing and Sanctuary Interpretive Signs at Pillar Point Harbor that provide information on Trawl Fisheries, Charter Boats, Dungeness Crab Fisheries, Hook & Line Fisheries, Purse Seine Fisheries, and the Marine Sanctuary. Peter commissioned a new Harbor Patrol vessel at Pillar Point Harbor; and

WHEREAS, Peter acted as representative for the San Mateo County Harbor District on the Board of the California Marine Affairs and Navigation Conference, an advocacy nonprofit organization for California ports and harbors; as Alternate Member for Maritime Activities (Commercial) on the Advisory Council of the Gulf of the Farallones National Marine Sanctuary; as Harbors Representative of the Monterey Bay National Marine Sanctuary's Advisory council; and represented the District and the California Maritime Infrastructure Authority and Bank.

THEREFORE, BE IT KNOWN THAT THE SAN MATEO COUNTY BOARD OF HARBOR DISTRICT COMMISSION hereby extends its best wishes to PETER GRENELLELL upon the occasion of his retirement on December 30, 2014 following over 17 years of faithful and dedicated service on behalf of the Oyster Point Marina/Park, Pillar Point Harbor, the County of San Mateo, the boating public, the community and staff of the San Mateo County Harbor District and further extends its sincere best wishes for a rewarding and fulfilling future.

WITNESS my hand this 3rd day of December


COMMISSIONERS: _____ President



STAFF REPORT

TO: San Mateo County Harbor District Commissioners

VIA: Peter Grenell, General Manager

FROM:  Debra Galarza, Director of Finance

DATE: December 3, 2014

SUBJECT: **Accept Audited FY 2013-14 Financial Statements and Recommendations to Management**

FY 2013-14 Audited Financial Statements and Recommendations to Management

Please find copies of the District's audited FY2013-14 Audited Financial Statements and Recommendations to Management.

For FY 2013-14, the audited financial statements show net income of \$5,043,503 compared to a net income of \$2,255,903 in FY 2012-2013. The increase in net income is mostly due to \$4,124,194 in Capital Contributions for Oyster Point Wave Attenuators and Dock 11 project's net income of \$2,255,903 is primarily due to an increase in grant revenue, property taxes, and a valuation adjustment for termination benefits.

Additional Management and Discussion topics are included inside the financial statement itself on pages three through ten.

As for the Recommendations to Management, there are no new recommendations.

SAN MATEO COUNTY HARBOR DISTRICT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

**San Mateo County Harbor District
 Basic Financial Statements
 For the year ended June 30, 2014**

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	i
Elected Officials and Administrative Personnel	ii
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Required Supplementary Information)	3-10
Basic Financial Statements:	
Statements of Net Position	12
Statements of Revenues, Expenses, and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Basic Financial Statements	15-26
Additional Information	27
Statements of Revenues, Expenses, and Changes in Net Position Harbor Commissioners	28
Statements of Revenues, Expenses, and Changes in Net Position Administration	29
Statements of Revenues, Expenses, and Changes in Net Position Pillar Point Harbor	30
Statements of Revenues, Expenses, and Changes in Net Position Oyster Point Marina	31
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	33

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

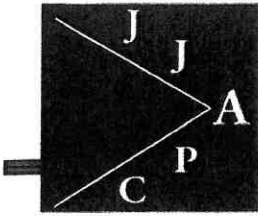
Elected Officials and Administrative Personnel

BOARD OF COMMISSIONERS

Pietro Parravano – President
James J. Tucker – Vice President
William Holsinger – Treasurer & Secretary
Sabrina Brennan – Commissioner
Robert Bernardo – Commissioner

MANAGEMENT

Peter Grenell - General Manager



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the
San Mateo County Harbor District
South San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of the San Mateo County Harbor District (District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages three to nine be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 24, 2014

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Management's Discussion and Analysis

This section of San Mateo County Harbor District's basic financial statements presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. Since this management's discussion and analysis is designed to focus on current activities, resulting change and current known facts, please read it in conjunction with the District's basic financial statements (pages 12 - 14) and the footnotes (pages 15 - 26).

Financial Highlights

At June 30, 2014, the District's Net Position increased \$5,043,503 to \$46,425,616 from \$41,382,113 in 2014. Operating revenues increased \$568,304 due to favorable fishing seasons. At times, Pillar Point Harbor was at 100% occupancy. The District also received a \$2 million dollar capital contribution for Dock 11 replacement at Oyster Point Marina. In addition, the District received \$2,124,194 for a Federal capital contribution for the Wave Attenuators on the Breakwater at Oyster Point Marina. Finally, percentage sales revenues have increased due to offloading fees and increases in concessioners' sales.

Operating expenses (with depreciation included) increased \$1,036,814 mostly due to an \$828,316 increase in depreciation as new assets were added to 2014. Contractual Services have nearly doubled to \$651,386 due to increased legal costs, Strategic planning, and the Facility Condition Survey study.

Using This Report

In December 1998, the Governmental Accounting Standards Board (GASB) released statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which revised the reporting of property tax revenue. In June 1999, GASB released statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*. Changes in Statement No. 34 require a comprehensive one-line look at the entity as a whole and capitalization of assets and depreciation for agencies not reporting on the accrual basis of accounting. Since the District has historically reported all activities in enterprise funds in a manner similar to business activities and followed the accrual basis of accounting, the District merely has been required to reclassify certain balances to utilize the new Statement No. 34 terminology. There were no major reconciling items necessary or elimination of balances due to the implementation of Statement No. 34.

The annual financial statements include the Independent Auditors' Report, this management's discussion and analysis, the basic financial statements, and notes to the basic financial statements.

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole

	Net Position		Increase (Decrease)	Percent Change
	As of June 30, 2014 and 2013			
	2014	2013		
Assets:				
Current assets	\$ 14,308,121	\$ 13,535,982	\$ 772,139	5.7%
Non-current assets	45,413,530	43,765,164	1,648,366	3.8%
Total assets	59,721,651	57,301,146	2,420,505	4.2%
Liabilities:				
Current liabilities	4,123,113	4,728,353	(605,240)	(12.8)%
Non-current liabilities	9,172,922	11,190,680	(2,017,758)	(18.0)%
Total liabilities	13,296,035	15,919,033	(2,622,998)	(16.5)%
Net position:				
Net investment in capital assets	39,480,261	35,584,239	3,896,022	10.9%
Restricted/Unrestricted net position:				
Restricted for debt service	1,775,629	1,737,296	38,333	2.2%
Unrestricted	5,169,726	4,060,578	1,109,148	27.3%
Total net position	\$ 46,425,616	\$ 41,382,113	\$ 5,043,503	12.2%

This schedule is prepared from the District's Statement of Net Position (page 12), which is presented on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the Statement of Activities are those revenues that are generated from the primary operations of the District. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

As can be seen from the table above, Net Position at June 30, 2014, increased to \$46,425,616 from \$41,382,113 in 2013. The increase in Net Position was primarily due to reduction in long term debt related to California Division of Boating and Waterways loan payment and the \$2 million dollar capital contribution from the City of South San Francisco for Oyster Point Marina dock replacement.

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole, Continued

Operating results are summarized as follows:

	Operating Results			
	For the years ended June 30, 2014 and 2013			
	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating revenues	\$ 3,997,068	\$ 3,428,764	\$ 568,304	16.6%
Operating expenses	8,164,965	7,128,151	1,036,814	14.5%
Operating loss	(4,167,897)	(3,699,387)	(468,510)	12.7%
Non-operating revenues	5,713,215	6,390,720	(677,505)	(10.6)%
Non-operating expenses	(626,009)	(435,430)	(190,579)	43.8%
Net income before contributions	919,309	2,255,903	(1,336,594)	(59.2)%
Capital Contributions	4,124,194	-	4,124,194	100.0%
Change in net position	5,043,503	2,255,903	2,787,600	123.6%
Net position:				
Beginning of year	41,382,113	39,126,210	2,255,903	5.8%
End of year	<u>\$ 46,425,616</u>	<u>\$ 41,382,113</u>	<u>\$ 5,043,503</u>	<u>12.2%</u>

While the Statement of Net Position shows the change in financial position of Net Position, the operating results are reflected in the Statement of Revenues, Expenses, and Changes in Net Position (page 13). This statement provides answers to the nature and source of the change in financial position of Net Position.

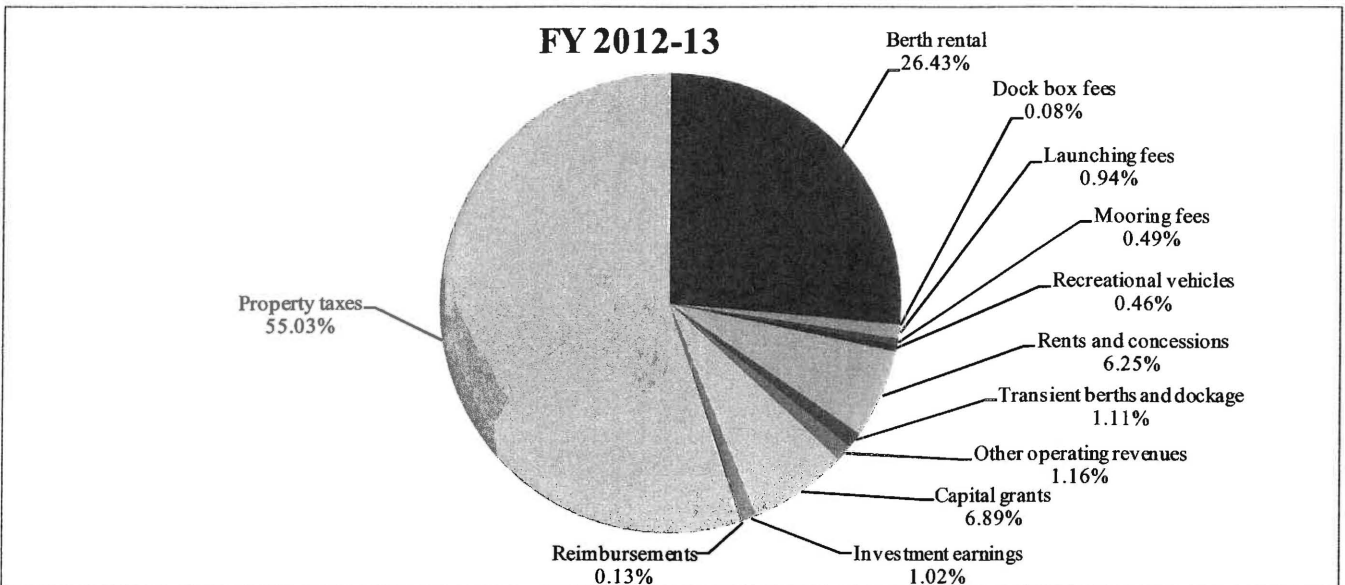
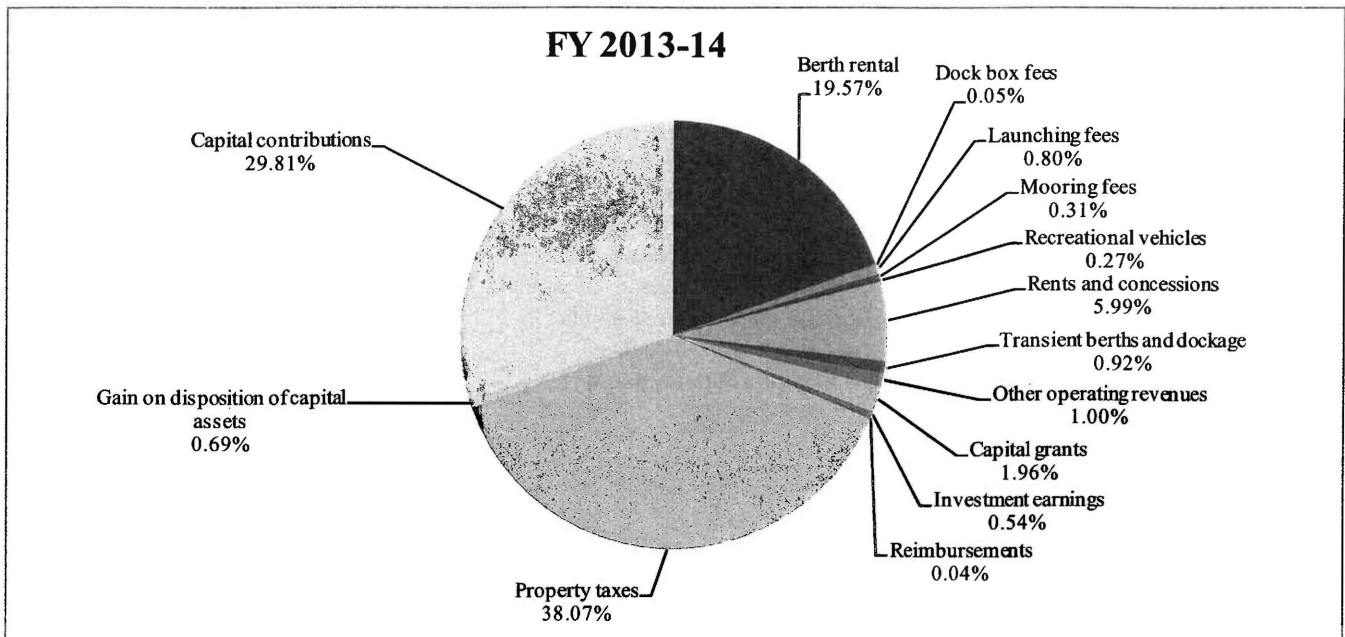
**San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014**

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole, Continued

The following is a graphic illustration of revenues by source:

**Revenues by Source
Both Operating & Non-Operating**



San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole, Continued

<u>FY 2013-2014</u>			<u>FY 2012-2013</u>		<u>Increase (Decrease)</u>
\$ 2,706,832	19.9%	Berth rental	\$ 2,454,496	25.0%	\$ 252,336
6,380	0.0%	Dock box fees	7,354	0.1%	(974)
110,073	0.8%	Launching fees	87,555	0.9%	22,518
42,346	0.3%	Mooring fees	45,938	0.5%	(3,592)
37,311	0.3%	Recreational vehicles	42,600	0.4%	(5,289)
828,309	6.1%	Rents and concessions	580,471	5.9%	247,838
127,675	0.9%	Transient berths and dockage	102,970	1.0%	24,705
138,142	1.0%	Other operating revenues	107,380	1.1%	30,762
271,420	2.0%	Capital grants	640,000	6.5%	(368,580)
75,043	0.6%	Investment earnings	94,969	1.0%	(19,926)
4,872	0.0%	Reimbursements	11,779	0.1%	(6,907)
5,266,831	38.7%	Property taxes	5,110,609	52.0%	156,222
95,049	0.7%	Gain on disposition of assets	29,674	0.3%	65,375
(224,746)	-1.7%	Termination Benefits	503,689	5.1%	(728,435)
4,124,194	30.3%	Capital Contributions	-	0.0%	4,124,194
<u>\$ 13,609,731</u>	<u>100.0%</u>	Totals	<u>\$ 9,819,484</u>	<u>100.0%</u>	<u>\$ 3,790,247</u>

A strong fishing season lead to more berth rentals for greater than thirty days increasing berth rentals. Transient dockage and launch fees also increased due to a stellar season. Rents and concessions increased due to COLA increases in base rents and percentage rents for offloading fees and retail sales. Capital contributions increased due to a \$2 million dollar cost reimbursement for Oyster Point Marina dock replacement and \$2.1 million for wave attenuators.

**San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014**

Management’s Discussion and Analysis, Continued

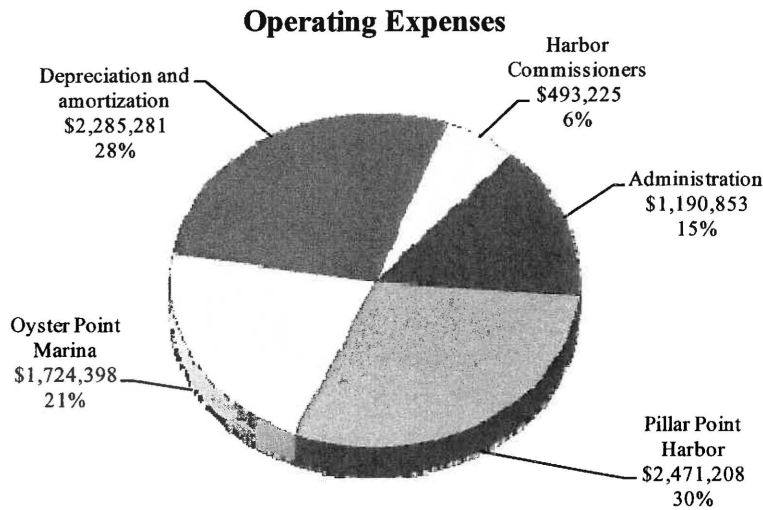
Financial Analysis of the District as a Whole, Continued

Operating expenses increased by \$1,036,814 as detailed below:

Operating Expenses				
For the years ended June 30, 2014 and 2013				
	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating expenses:				
Harbor Commissioners	\$ 493,225	\$ 529,589	\$ (36,364)	(6.9)%
Administration	1,190,853	1,160,628	30,225	2.6%
Pillar Point Harbor	2,471,208	2,291,655	179,553	7.8%
Oyster Point Marina	1,724,398	1,689,314	35,084	2.1%
Depreciation and amortization	<u>2,285,281</u>	<u>1,456,965</u>	<u>828,316</u>	<u>56.9%</u>
Total	<u>\$ 8,164,965</u>	<u>\$ 7,128,151</u>	<u>\$ 1,036,814</u>	<u>14.5%</u>

Harbor Commission operating expenses increased due to legal costs but total costs are less than 2013 because the majority of the election expenses were expensed in 2013. Administration expenses and Oyster Point Marina expenses remained flat. Pillar Point Harbor saw increases in utilities and contractual services. Depreciation increased almost 60% due to the addition of \$5,191,101 in new assets (as detailed on page 22).

The following is a graphic illustration of 2013-14 operating expenses:



San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole, Continued

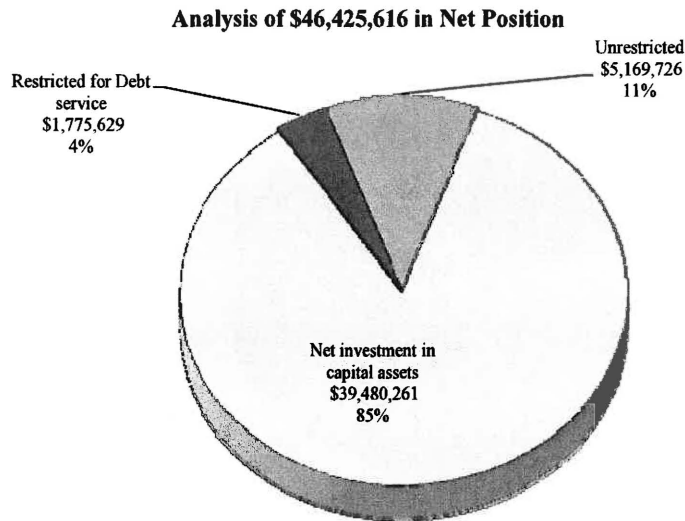
Net Position increased by \$5,043,503 as detailed below:

Analysis of Net Position
As of June 30, 2014 and 2012

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net position:				
Net Investment in capital assets	\$ 39,480,261	\$ 35,584,239	\$ 3,896,022	10.9%
Restricted				
Debt service	1,775,629	1,737,296	38,333	2.2%
Unrestricted	<u>5,169,726</u>	<u>4,060,578</u>	<u>1,109,148</u>	<u>27.3%</u>
Total	<u>\$ 46,425,616</u>	<u>\$ 41,382,113</u>	<u>\$ 5,043,503</u>	<u>12.2%</u>

The change in Net Position is primarily due to reduction in long term debt related to California Division of Boating & Waterways loan payments and a \$2 million capital contribution from City of South San Francisco for OPM dock replacement. Two debt service payments were made this fiscal year.

The following is a graphic illustration of Net Position:



San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Management's Discussion and Analysis, Continued

Cash Flows

Cash flows have increased approximately \$695,785 which is the result of a \$2 million dollar capital contribution for Oyster Point Marina Dock replacement.

Long-term Debt

No new debt was issued for the year. The District made two debt payments this year. One in December 2013 and another on June 30, 2014 (a due date of July 1st). The result is a decrease in loan balance from \$7,163,663 to \$5,933,269.

Economic Factors and Potential Future Results

The District's operating revenues are dependent on several factors including the strength of the fishing seasons. To date, the 2014 fishing season has been strong, which suggests that operating revenues will increase in the subsequent year. Overall economic recovery will also have a positive impact on operational revenues as people are able to purchase recreational vessels.

Contacting the District

This financial report is designed to provide our customers and creditors a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and is allocated to it. If you have questions about this report, contact:

San Mateo County Harbor District
400 Oyster Point Blvd
South San Francisco, CA 94080

Phone (650) 583-4400

Peter Grenell, General Manager.

BASIC FINANCIAL STATEMENTS

San Mateo County Harbor District

Statement of Net Position

June 30, 2014

(with comparative totals for June 30, 2013)

	2014	2013
ASSETS		
Current assets:		
Cash and investments	\$ 12,204,651	\$ 11,547,199
Restricted cash and investments	1,775,629	1,737,296
Accounts receivable:		
Customers	283,090	175,665
Interest	21,001	21,088
Prepaid expenses and deposits	23,750	54,734
Total current assets	<u>14,308,121</u>	<u>13,535,982</u>
Noncurrent assets:		
Capital assets:		
Land	13,108,381	13,108,381
Construction in progress	790,124	4,171,771
Depreciable assets	60,663,357	53,883,829
Less accumulated depreciation	(29,148,332)	(27,398,817)
Total noncurrent assets	<u>45,413,530</u>	<u>43,765,164</u>
Total assets	<u>\$ 59,721,651</u>	<u>57,301,146</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 205,948	\$ 506,990
Accrued payroll	109,861	85,978
Customer deposits	289,743	288,977
Unearned revenue	3,517,561	3,658,493
Accrued interest payable	-	187,915
Due within one year	-	1,017,263
Total current liabilities	<u>4,123,113</u>	<u>5,745,616</u>
Noncurrent liabilities:		
Due after one year	5,933,269	7,163,662
Termination benefits payable	2,973,047	2,748,301
Accrued vacation and sick leave	266,606	261,454
Total noncurrent liabilities	<u>9,172,922</u>	<u>10,173,417</u>
Total liabilities	<u>13,296,035</u>	<u>15,919,033</u>
NET POSITION		
Net investment in capital assets	39,480,261	35,584,239
Restricted for debt service	1,775,629	1,737,296
Unrestricted	5,169,726	4,060,578
Total net position	<u>46,425,616</u>	<u>41,382,113</u>
Total liabilities and net position	<u>\$ 59,721,651</u>	<u>57,301,146</u>

The accompanying notes are an integral part of these basic financial statements.

San Mateo County Harbor District
Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2014

(with comparative totals for the year ended June 30, 2013)

	2014	2013
OPERATING REVENUES:		
Berth rental	\$ 2,706,832	\$ 2,454,496
Dock box fees	6,380	7,354
Launching fees	110,073	87,555
Mooring fees	42,346	45,938
Recreational vehicles	37,311	42,600
Rents and concessions	828,309	580,471
Transient berths and dockage	127,675	102,970
Other operating revenues	138,142	107,380
Total operating revenues	3,997,068	3,428,764
OPERATING EXPENSES:		
Harbor Commissioners	493,225	529,589
Administration	1,190,853	1,160,628
Pillar Point Harbor	2,471,208	2,291,655
Oyster Point Marina	1,724,398	1,689,314
Depreciation and amortization	2,285,281	1,456,965
Total operating expenses	8,164,965	7,128,151
Operating income (loss)	(4,167,897)	(3,699,387)
NONOPERATING REVENUES (EXPENSES):		
Capital grants	271,420	640,000
Investment earnings	75,043	94,969
Reimbursements	4,872	11,779
Property taxes	5,266,831	5,110,609
County administrative fees	(45,131)	(30,504)
Gain (loss) on disposition of capital assets	95,049	29,674
Termination benefits	(224,746)	503,689
Interest expense	(350,616)	(398,171)
LAFCO fees	(5,516)	(6,755)
Total nonoperating revenues (expenses)	5,087,206	5,955,290
Income (loss) before contributions	919,309	2,255,903
Capital contributions:		
Federal contributions	2,124,194	-
City of South San Francisco contributions	2,000,000	-
Total capital contributions	4,124,194	-
Net Income	5,043,503	2,255,903
CHANGE IN NET POSITION:		
Beginning of year	41,382,113	39,126,210
End of year	\$ 46,425,616	\$ 41,382,113

The accompanying notes are an integral part of these basic financial statements.

San Mateo County Harbor District

Statement of Cash Flows

For the year ended June 30, 2014

(with comparative amounts for the year ended June 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 3,749,477	\$ 3,425,587
Payments to suppliers	(2,522,733)	(1,912,135)
Payments to or on behalf of employees	(3,597,973)	(3,505,075)
Net cash provided (used) by operating activities	(2,371,229)	(1,991,623)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Property taxes net of collection fees	5,221,700	5,080,105
Receipts from capital grants	271,420	640,000
Receipts from reimbursements	4,872	11,779
Payments to LAFCO	(5,516)	-
Net cash provided (used) by noncapital financing activities	5,492,476	5,731,884
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on long-term debt	(2,247,656)	(972,584)
Interest payments on long-term debt	(538,531)	(427,266)
Capital contributions	2,000,000	-
Acquisition and construction of capital assets	(1,809,454)	(3,269,808)
Proceeds from the sale of assets	95,049	29,674
Net cash provided (used) by capital and related financing activities	(2,500,592)	(4,639,984)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	75,130	104,340
Net cash provided (used) by investing activities	75,130	104,340
Net increase (decrease) in cash and cash equivalents	695,785	(795,383)
CASH AND INVESTMENTS:		
Beginning of year	13,284,495	14,079,878
End of year	<u>\$ 13,980,280</u>	<u>\$ 13,284,495</u>
Reconciliation to Statement of Net Assets:		
Cash and investments	\$ 12,204,651	\$ 11,547,199
Restricted cash and investments	1,775,629	1,737,296
Total cash and investments	<u>\$ 13,980,280</u>	<u>\$ 13,284,495</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating loss	\$ (4,167,897)	\$ (3,699,387)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense	2,285,281	1,456,965
Change in assets and liabilities:		
Accounts receivable	(107,425)	(71,491)
Prepaid expenses	30,984	(36,698)
Accounts payable and accrued liabilities	(301,042)	277,143
Accrued payroll	23,883	(16,774)
Deposits and unearned revenue	(140,166)	68,314
Termination benefits payable	1	-
Accrued vacation and sick leave	5,152	30,305
Net cash provided (used) by operating activities	<u>\$ (2,371,229)</u>	<u>\$ (1,991,623)</u>

The accompanying notes are an integral part of these basic financial statements.

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of San Mateo County Harbor District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental enterprises classified as proprietary fund types. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The following is a summary of the more significant policies:

A. Description of the Reporting Entity

The District is organized under the Harbor and Navigation provisions of the general laws of the State of California and is governed by a five-member Board of Commissioners elected at large by the registered voters of the District. The District is located in the unincorporated area of Princeton along the Pacific Ocean in San Mateo County and South San Francisco, but encompasses the entire County.

Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, and otherwise influence operations and account for fiscal matters is exercised by the District's Board of Commissioners. The District is a separate reporting entity for financial reporting purposes and the accompanying financial statements reflect the assets, liabilities, Net Position, revenues, and expenses of the District only.

As defined by GASB Statements No. 14 and 39, *The Financial Reporting Entity*, the District is not financially accountable for any other entity other than itself, nor are there any other entities for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete.

In addition, based upon the above criteria, the District is not aware of any entity which would be financially accountable for the District which would result in the District being considered a component of the entity.

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Fund Accounting Classification and Basis of Accounting

On the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, business-like activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net Position.

District funds are classified as enterprise funds, which account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition and capital improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds, and cash flow from operations.

C. Cash and Investments

For the purposes of the Statement of Net Position and Statement of Cash Flows, “cash equivalents and investments” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less.

Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.

D. Capital Assets

Capital assets are carried at cost or estimated cost if actual cost was not available. Contributed capital assets are valued at their estimated fair value on the date contributed. Depreciation is calculated on a straight-line basis using the following useful life schedule:

Asset	Useful Life
Autos and trucks	3 to 10 years
Boats and radar	3 to 10 years
Signs	10 years
Breakwater	40 years
Utilities	20 years
Channels	20 years
Launch Ramps	20 years
Piers	50 years
Bulkheads	50 years
Buildings and improvements	10 to 40 years
Docks	30 years
Parking Lots	10 to 25 years
Walkways/Paths	25 to 30 years
Machinery and Equipment	3 to 10 years

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Capital Assets, continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

E. Property Taxes

The State of California (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than two percent (2%) per year unless the property is sold, transferred, or improved. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the counties, cities, school districts, and other districts.

San Mateo County assesses, bills for, and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien dates	March 1	March 1
Levy dates	July 1	July 1
Due dates	50% on November 1 and 50% on March 1	July 1
Delinquent as of	December 10 (for November) and April 10 (for March)	August 31

The term “unsecured” refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue when received in the fiscal year of levy because of the adoption of the “alternate method of property tax distribution,” known as the Teeter Plan, by the District and the County of San Mateo (County). The Teeter Plan authorizes the Controller of the County to allocate 100% of the secured property taxes billed, but not yet paid. The County remits tax monies to the District in three installments, as follows:

- 55% remitted on December 15
- 40% remitted on April 15
- 5% remitted on June 15

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Accrued Vacation and Sick Leave

The liability for vested vacation (PTO) is recorded as an expense when the hours are earned. When PTO is used it offsets the PTO liability account. Unused balances of PTO are carried over from year to year but cannot exceed 480 hours. District employees sick leave accrues from year to year with no cap. Employees can use their sick leave upon the approval of a physicians note or documented FMLA supporting information.

G. Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

H. Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

2. CASH AND INVESTMENTS

A. Composition

The District's cash and temporary investments are carried at market, and include:

	June 30, 2014			
	FDIC insured	Not rated	Fair Value	June 30, 2013
Cash in bank	\$ 250,000	\$ 485,647	\$ 735,647	\$ 1,927,510
Petty cash	-	2,300	2,300	2,300
Local Agency Investment Fund (LAIF)	-	6,885	6,885	6,868
San Mateo County Pooled Investment Fund	-	13,235,448	13,235,448	11,347,817
Total	<u>\$ 250,000</u>	<u>\$ 13,730,280</u>	<u>\$ 13,980,280</u>	<u>\$ 13,284,495</u>
Financial Statement presentation:				
Cash and investments			\$ 12,204,651	\$ 11,547,199
Restricted cash and investments			<u>1,775,629</u>	<u>1,737,296</u>
Total			<u>\$ 13,980,280</u>	<u>\$ 13,284,495</u>

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS, Continued

A. Composition, Continued

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District’s cash on deposit or first trust deed mortgage notes with a value of 150% of the District’s cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the District’s name and places the District ahead of general creditors of the institution pledging the collateral. The District has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The District’s investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Authorized Investments

The District’s Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded.

The table below also identifies certain provisions of the California Government Code, or the District’s Investment Policy where the District’s Investment Policy is more restrictive.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>
California Local Agency Investment Fund	N/A	None
U.S. Treasury Obligations	5 years	None
Negotiable Certificates of Deposit	1 year	30%

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS, Continued

C. Fair Value of Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method, which includes any adjustments in interest/investment income.

D. Investments Authorized by Debt Agreements

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures, or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type.

Authorized Investment Type	Maturity	Credit Quality
State and Local Agency Bonds	5 years	A
U.S. Treasury Obligations	5 years	Aaa
U.S. Agency Securities	5 years	Aaa
Bankers' Acceptances	180 days	A-1
Commercial Paper	270 days	A-1+
Money Market Funds	N/A	Aam
Non-negotiable Certificates of Deposit	1 year	AAA
Repurchase Agreements	30 days	A
Medium Term Notes	5 years	AA
Negotiable Certificates of Deposit	5 years	AA
California Local Agency Investment Fund	N/A	None
San Francisco Public Utilities Commission (SFPUC)	N/A	None

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS, Continued

E. Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2014, these investments matured in an average of 232 days.

The District invests in the San Mateo County Treasury (County), which sponsors an investment pool to invest funds of the County and external public entities, such as the District. The County's pool activity is governed by California Government Code Sections 27000.1 and 53607 as well as the County's Investment Policy, which delegate the County Treasurer to invest in securities issued by the United States, certain corporate bonds and notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, the State of California Local Agency Investment Fund, and securities lending transactions. Participants' equity in the County's investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of banking costs and administrative fees, are apportioned to pool participants every quarter.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's only investments are in the California Local Agency Investment Fund, San Mateo County Investment Fund and in Money Market accounts which are not rated at June 30, 2014.

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements, Continued

3. CAPITAL ASSETS

Changes in capital assets and depreciation for the years ended June 30, 2014, and 2013, were as follows:

	Balance July 1, 2013	Additions	Deletions	Adjustments	Balance June 30, 2014
Capital Assets					
Nondepreciable:					
Land	\$ 13,108,381	\$ -	\$ -	\$ -	\$ 13,108,381
Construction in progress	4,171,771	1,831,167	(21,713)	(5,191,101)	790,124
Total nondepreciable assets	<u>17,280,152</u>	<u>1,831,167</u>	<u>(21,713)</u>	<u>(5,191,101)</u>	<u>13,898,505</u>
Depreciable:					
Autos and trucks	65,334	-	-	60,758	126,092
Boats and radar	589,146	-	(16,202)	-	572,944
Signs	74,519	-	-	-	74,519
Breakwater	17,815,478	2,124,194	-	543,093	20,482,765
Utilities	212,405	-	-	-	212,405
Channels	4,466,126	-	-	427,034	4,893,160
Launch Ramps	4,030,623	-	-	-	4,030,623
Piers	6,216,940	-	-	1,492,487	7,709,427
Bulkheads	747,397	-	-	-	747,397
Buildings and improvements	8,185,571	-	-	588,269	8,773,840
Docks	6,909,057	-	(493,701)	1,974,314	8,389,670
Parking Lots	3,221,069	-	-	-	3,221,069
Walkways/Paths	1,096,199	-	-	-	1,096,199
Machinery and Equipment	253,965	-	(25,864)	105,146	333,247
Total depreciable assets	<u>53,883,829</u>	<u>2,124,194</u>	<u>(535,767)</u>	<u>5,191,101</u>	<u>60,663,357</u>
Less: accumulated depreciation	<u>(27,398,817)</u>	<u>(2,285,282)</u>	<u>535,767</u>	<u>-</u>	<u>(29,148,332)</u>
Total depreciable assets (net)	<u>26,485,012</u>	<u>(161,088)</u>	<u>-</u>	<u>5,191,101</u>	<u>31,515,025</u>
Total capital assets	<u>\$ 43,765,164</u>	<u>\$ 1,670,079</u>	<u>\$ (21,713)</u>	<u>\$ -</u>	<u>\$ 45,413,530</u>

Beginning values reflect amounts as valued on a consolidated basis. The total valuation amounts are presented in representative categories and have been redistributed to reflect balances at June 30, 2014.

**San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014**

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT

A. Long-Term Debt Activity

	Original Issue Amount	Balance July 1, 2013	Retirements	Balance June 30, 2014	Due Within One Year
California Division of Boating and Waterways, 4.5%, due 12/31/19	\$ 19,777,000	\$ 8,180,926	\$ (2,247,656)	\$ 5,933,270	\$ -
Total long-term debt	<u>\$ 19,777,000</u>	8,180,926	<u>\$ (2,247,656)</u>	5,933,270	<u>\$ -</u>
Amount due within one year		(1,017,263)		-	
Total Long-term due after one year		<u>\$ 7,163,663</u>		<u>\$ 5,933,269</u>	

	Original Issue Amount	Balance July 1, 2012	Retirements	Balance June 30, 2013	Due Within One Year
California Division of Boating and Waterways, 4.5%, due 12/31/19	\$ 19,777,000	\$ 9,153,509	\$ (972,583)	\$ 8,180,926	\$ 1,017,263
Total long-term debt	<u>\$ 19,777,000</u>	9,153,509	<u>\$ (972,583)</u>	8,180,926	<u>\$ 1,017,263</u>
Amount due within one year		(972,583)		(1,017,263)	
Total Long-term due after one year		<u>\$ 8,180,926</u>		<u>\$ 7,163,662</u>	

B. California Division of Boating and Waterways

The District has thirteen loans outstanding from the California Division of Boating and Waterways (Division) for construction projects at Oyster Point Marina/Park and at Pillar Point Harbor. The interest rate for all fifteen loans was adjusted to 4.50 percent as of January 1, 1993. The total original loans and debt obligation of the District amounted to \$19,473,934.

On May 14, 1997 the District received a three-year loan deferral from the Division. There were no principal or interest payments due for three years. At the end of the deferral period, the loans and deferred interests were re-amortized over the remaining life of the loans.

On July 18, 2001, the District executed an "Approval of Concept" agreement with the Division in order to receive another live-year moratorium on the principal portions of the debt service payments for the years 2002 through 2005. The District made interest only payments from 2001 through 2005. Beginning 2006, the District made principal and interest payments on the outstanding loan balance.

Effective October 12, 2004 the District entered into a Consolidated Loan Agreement consolidating the seventeen previous separate loans into one loan with the Division. The collateral to secure payment of the consolidated loan, and any future loans, is all property tax revenues received by the District and a restricted account with the San Mateo County Treasury having a beginning balance of \$1,500,000.

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT, Continued

The restricted cash is reported as a current asset and the current balance includes portfolio income earned. In addition, the District has assigned the rents and leases from Pillar and Oyster Point harbors to the Division to secure performance of the tenants leasing berths in the event of default on the consolidated loan agreement by the District.

On June 24, 2009 the District entered into an agreement with the Water Emergency Transit Authority (WETA) and the City of South San Francisco to build a commuter ferry terminal at Oyster Point Marina. The construction of the ferry terminal required the removal of 134 of the 589 berths at Oyster Point Marina. In return for the loss of the physical docks and future revenue stream of those docks, WETA agreed to pay \$3.66 million to the District to pay down the loan with the Division. Accordingly, the loan with the Division was re-amortized on December 31, 2008.

On June 2, 2014, the District revised their payment schedule and made a onetime early payment. The District does not have a payment due in fiscal year 2014-15 as a result of the early payment.

C. Repayment Schedule

Future annual repayment requirements are as follows:

Year Ending June 30,	California Division of Boating and Waterways	
	Principal	Interest
2015	-	-
2016	979,573	413,520
2017	1,165,522	227,572
2018	1,219,066	174,028
2019	1,275,069	118,024
2020	1,294,039	59,448
Total	<u>\$ 5,933,269</u>	<u>\$ 992,592</u>
Due within one year	\$ -	\$ -
Due after one year	5,933,269	992,592
Total	<u>\$ 5,933,269</u>	<u>\$ 992,592</u>

5. NET POSITION

Net Position is restricted for debt service for the California Division of Boating and Waterways in the amount of \$1,775,629.

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements, Continued

6. INSURANCE

The District purchases commercially available insurance with the following maximum coverage:

Program	Deductible
Auto	\$1,000,000
General Liability	\$1,000,000 to \$2,000,000
Docks and Piers	\$21,900,000
Building	\$3,362,122
Workers' compensation	\$1,000,000
Employers' liability	\$2,000,000
Commercial Umbrella - Excess	\$10,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

7. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

A. Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, California 95814.

B. Funding Policy

All full-time District employees are eligible to participate in the Plan. The District pays 7% for employees hired before July 2009 and 2% for employees hired after with regards to the employee share as part of an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-14 was 19.432% of annual payroll. For employees hired on or after January 1, 2013 the employee pay 6.25% and the employer pays 6.25% for a total of 12.5% of annual payroll. The contribution requirements of the plan members are established by state statute.

C. Annual Pension Cost

For 2014, the District's annual pension cost of \$419,233 for CALPERS was equal to the District's required and actual contribution. The required contribution was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% of investment rate of return (net of administrative expenses), and (b) 3.3% to 14.2% projected annual salary increases that vary by age, duration of service and type of employment. Both (a) and (b) included an inflation component of 2.75% and annual production growth of 0.25%.

San Mateo County Harbor District
Basic Financial Statements
For the year ended June 30, 2014

Notes to Basic Financial Statements, Continued

7. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), continued

The actuarial value of CALPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smooth market value). CALPERS has increased the future rate the District pays to reflect an unfunded condition in the plan.

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 349,552	100%	-
June 30, 2013	386,075	100%	-
June 30, 2014	419,233	100%	-

8. TERMINATION BENEFITS

A. Plan Description

Employees hired prior to July 1, 2009 that were employed with the District after January 1, 1981, are entitled to continue to receive health, dental, life insurance and vision benefits upon leaving District employment if they were not terminated for good cause and had a minimum of twelve years of service to the District at time of termination. These benefits may only be collected for a period of time that is equal to half of the time the employee was employed with the District. The current balance in termination benefits payable as of June 30, 2014 is \$2,973,074.

9. COMMITMENTS AND CONTINGENCIES

The District is subject to general risk and exposure due to normal operations in the course of business. These risks involve various claims against the District, both asserted and unasserted, all of which management considers to be immaterial to these financial statements.

ADDITIONAL INFORMATION

San Mateo County Harbor District
Statement of Revenues, Expenses, and Changes in Net Position
Harbor Commissioners
For the year ended June 30, 2014
(with comparative totals for the year ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
OPERATING EXPENSES:		
Advertising and promotion	19,546	7,935
Auto expenses	0	114
Contractual services	155,556	20,871
Dues and subscriptions	433	-
Insurance	14,456	14,456
Office expense	1,328	999
Postage	17	132
Salaries and benefits	103,970	97,840
Training, seminars and professional development	3,934	3,257
Travel, conferences and meetings	5,498	7,010
Elections	188,487	376,975
Total operating expenses	<u>493,225</u>	<u>529,589</u>
Operating income (loss)	<u>(493,225)</u>	<u>(529,589)</u>
NONOPERATING REVENUES (EXPENSES):		
Termination benefits	25,050	40,727
Shared revenues	468,175	488,862
Total nonoperating revenues (expenses)	<u>493,225</u>	<u>529,589</u>
Income before contributions	<u>-</u>	<u>-</u>
Net Income (Loss)	-	-
CHANGE IN NET POSITION:		
Beginning of year	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>

San Mateo County Harbor District
Statement of Revenues, Expenses, and Changes in Net Position
Administration

For the year ended June 30, 2014

(with comparative totals for the year ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
OPERATING EXPENSES:		
Advertising and promotion	1,899	2,651
Auto expenses	1,048	952
Bank charges	560	557
Contractual services	141,498	93,092
Dues and subscriptions	12,976	14,834
Insurance	605	-
Office expense	12,978	10,190
Personnel expenses	1,521	-
Postage	2,853	1,741
Rent	98,106	95,390
Repairs and maintenance	6,039	16,173
Salaries and benefits	897,164	908,793
Telephone and communications	10,321	9,911
Training, seminars and professional development	1,536	-
Travel, conferences and meetings	1,749	6,344
Depreciation and amortization	14,571	8,314
Total operating expenses	<u>1,205,424</u>	<u>1,168,942</u>
Operating income (loss)	<u>(1,205,424)</u>	<u>(1,168,942)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	75,043	94,969
Reimbursements	1,136	1,279
Property taxes	5,266,831	5,110,609
County administrative fees	(45,131)	(30,504)
Gain (loss) on disposition of capital assets	95,049	29,674
Termination benefits	(1,061)	(6,872)
Shared revenues	862,576	(1,767,555)
LAFCO fees	(5,516)	(6,755)
Total nonoperating revenues (expenses)	<u>6,248,927</u>	<u>3,424,845</u>
Net Income	5,043,503	2,255,903
CHANGE IN NET POSITION:		
Beginning of year	<u>41,382,113</u>	<u>39,126,210</u>
End of year	<u>\$ 46,425,616</u>	<u>\$ 41,382,113</u>

San Mateo County Harbor District

Statement of Revenues, Expenses, and Changes in Net Position

Pillar Point Harbor

For the year ended June 30, 2014

(with comparative totals for the year ended June 30, 2013)

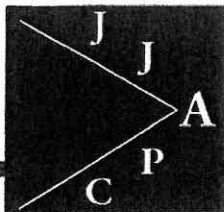
	2014	2013
OPERATING REVENUES:		
Berth rental	\$ 1,558,965	\$ 1,383,157
Launching fees	88,325	70,561
Mooring fees	42,346	45,938
Recreational vehicles	37,311	42,600
Rents and concessions	457,280	355,757
Transient berths and dockage	85,796	81,309
Other operating revenues	110,805	88,233
Total operating revenues	2,380,828	2,067,555
OPERATING EXPENSES:		
Advertising and promotion	10,076	18,290
Auto expenses	256	418
Bad debts (recoveries)	20,944	54,643
Bank charges	17,519	14,918
Contractual services	168,864	92,938
Dues and subscriptions	138	60
Insurance	112,167	122,927
Office expense	19,389	21,405
Personnel expenses	80	3,900
Postage	3,091	3,069
Rent	3,828	3,270
Operating expenses	225,929	237,947
Salaries and benefits	1,525,379	1,440,550
Sewer fees	44,129	42,146
Telephone and communications	25,140	23,143
Training, seminars and professional development	538	4,749
Travel, conferences and meetings	681	1,376
Uniforms	9,721	10,528
Utilities	276,766	184,778
Vessel destruction	6,573	10,600
Depreciation and amortization	821,391	552,723
Total operating expenses	3,292,599	2,844,378
Operating income (loss)	(911,771)	(776,823)
NONOPERATING REVENUES (EXPENSES):		
Reimbursements	3,736	10,500
Termination benefits	(218,844)	216,664
Shared revenues	1,297,291	753,605
Interest expense	(170,412)	(203,946)
Total nonoperating revenues (expenses)	911,771	776,823
Net Income	-	-
CHANGE IN NET POSITION:		
Beginning of year	-	-
End of year	\$ -	\$ -

San Mateo County Harbor District
Statement of Revenues, Expenses, and Changes in Net Position
Oyster Point Marina
For the year ended June 30, 2014

(with comparative totals for the year ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:		
Berth rental	\$ 1,147,867	\$ 1,071,339
Dock box fees	6,380	7,354
Launching fees	21,748	16,994
Rents and concessions	371,029	224,714
Transient berths and dockage	41,879	21,661
Other operating revenues	27,337	19,147
Total operating revenues	<u>1,616,240</u>	<u>1,361,209</u>
OPERATING EXPENSES:		
Advertising and promotion	5,116	12,178
Auto expenses	117	224
Bad debts	49,259	51,122
Bank charges	12,289	8,862
Contractual services	185,467	119,188
Dues and subscriptions	138	-
Insurance	112,167	125,302
Office expense	13,317	9,086
Personnel expenses	80	15
Postage	3,053	2,207
Equipment rental	3,828	3,057
Operating expenses	82,324	85,506
Salaries and benefits	1,100,496	1,071,423
Telephone and communications	14,452	13,551
Training, seminars and professional development	1,790	-
Travel, conferences and meetings	495	6,154
Uniforms	6,748	7,049
Utilities	109,142	114,060
Vessel destruction	24,120	60,330
Depreciation and amortization	1,449,319	895,928
Total operating expenses	<u>3,173,717</u>	<u>2,585,242</u>
Operating income (loss)	<u>(1,557,477)</u>	<u>(1,224,033)</u>
NONOPERATING REVENUES (EXPENSES):		
Capital grants	271,420	640,000
Termination benefits	(29,891)	253,170
Shared revenues	(2,628,042)	525,088
Interest expense	(180,204)	(194,225)
Total nonoperating revenues (expenses)	<u>(2,566,717)</u>	<u>1,224,033</u>
Income before contributions	<u>(4,124,194)</u>	<u>-</u>
Capital contributions:		
Federal contributions	2,124,194	-
City of South San Francisco contributions	2,000,000	-
Total capital contribution:	<u>4,124,194</u>	<u>-</u>
Net Income	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION:		
Beginning of year	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>

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JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Commissioners of the
San Mateo County Harbor District
South San Francisco, California

We have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of San Mateo County Harbor District (District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control of the District' internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that we have not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 24, 2014

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

Memorandum

TO: Harbor Commissioners

FROM: Debra Galarza & Belen Cruz

RE: Bills & Claims for Period Ending 12/03/14

Total Disbursements being submitted for your review: \$ 212,936.19

These include:

Handchecks in the amount of: \$ 59,493.85

Payables in the amount of: \$ 153,442.34

<u>Dept. Code</u>	<u>Description</u>		<u>Page Reference</u>
101	Harbor Commission	\$ 4,103.72	2
103	Administration	\$ 28,746.53	2
201	Pillar Point Harbor	\$ 53,676.91	2
301	Oyster Point Marina	\$ 12,557.06	2
	Payroll Related	\$ 113,851.97	2
	Total for Review	\$ 212,936.19	2

Notes:

Handchecks Written for:

Payroll Related \$ 56,665.17

Invoices with Due Dates on or Before Board Meeting \$ 2,828.68

Total Handchecks Written \$ 59,493.85

BILLS CLAIMS FOR 12/3/14 BOARD MEETING

VENDOR	DESCRIPTION	AMOUNT	PAYROLL RELATED	COMM 101	ADMIN 103	PILLAR POINT 201	OYSTER POINT 301
A-A LOCK & ALARM, INC.	CONTRACTUAL SERVICES	215.00			215.00		
ADP, INC.	PAYROLL PROCESSING	457.60		69.33	97.07	187.20	104.00
ARAMARK UNIFORM SERVICES	UNIFORM SERVICES	627.73					627.73
AT & T LONG DISTANCE	TELEPHONE/COMMUNICATIONS	11.75				11.75	
AT & T	TELEPHONE/COMMUNICATIONS	1.64					1.64
BLUE RIBBON SUPPLY	OPERATING SUPPLIES	1,685.38				1,685.38	
CALPERS SUPPLEMENTAL INCOME	PAYROLL DEDUCTION PAYABLE	4,593.00	4,593.00				
CLARK PEST CONTROL	CONTRACTUAL SERVICES	75.00					75.00
COMCAST	TELEPHONE/COMMUNICATIONS	397.53			397.53		
COUNTY OF SAN MATEO CONTROLLER	LAFCO FEES	6,182.00			6,182.00		
COUNTY OF SAN MATEO PUBLIC SAFETY	TELEPHONE/COMMUNICATIONS	61.65				61.65	
COX, WOOTON, LERNER, GRIFFIN, HANSEN	LEGAL SERVICES	1,296.50					1,296.50
ERBCO	REPAIRS & MAINTENANCE	25,632.79				25,632.79	
GHD	WEST TRAIL COLVERT ENGINEERING PROJ	4,129.75				4,129.75	
GOPHER BUSTERS	CONTRACTUAL SERVICES	495.00				495.00	
GREENLEAF COMPACTION, INC.	GARBAGE DISPOSAL	1,001.46				1,001.46	
HANSON BRIDGETT LLP	LEGAL SERVICES	14,958.00		3,898.50	3,995.50	6,518.00	546.00
GEORGE HIGH	REFUND DEPOSIT	273.00				273.00	
HOLMAN PROFESSIONA COUNSELING CENTERS	EMPLOYEE ASSISTANCE PROG SERVICES	289.00		45.16	54.18	103.86	85.80
JJACPA, INC.	CONTRACTUAL SERVICES	6,436.00			6,436.00		
KASHIWA FUDOSAN AMERICA INC.	OFFICE RENT	7,430.86			7,430.86		
DAVID KIRK	REFUND DEPOSIT	441.00				441.00	
LISA WISE CONSULTING INC	STRATEGIC PLAN	14,427.75			1,895.91	6,265.92	6,265.92
BURTON MCKERCHIE	REFUND DEPOSIT	181.30				181.30	
MISSION UNIFORM SERVICE, INC.	UNIFORM SERVICES	168.10				168.10	
NATIONAL CHEMICAL SERVICE	CONTRACTUAL SERVICES	74.00				74.00	
BOB OAKES	REFUND DEPOSIT	252.81				252.81	
OPERATING ENGINEERS TRUST	HEALTH INSURANCE	28,874.00	28,874.00				
PACIFIC COLOR GRAPHICS	OFFICE SUPPLIES	181.46		90.73	90.73		
PENINSULA PUMP & EQUIPMENT INC.	REPAIRS & MAINTENANCE	930.59				930.59	
RYDIN DECAL	OPERATING SUPPLIES	604.49				604.49	
STANDARD INSURANCE COMPANY	LIFE & DISABILITY INSURANCE	3,551.80	3,551.80				
STAPLES ADVANTAGE	OFFICE SUPPLIES	48.74					48.74
TEAMSTERS 856 HEALTH & WELFARE	HEALTH INSURANCE	18,018.00	18,018.00				
THE WELL CONNECTED OFFICE	CONTRACTUAL SERVICE - IT	2,744.60			1,919.60	337.50	487.50
TURBO DATA SYSTEMS, INC	CITATION PROCESSING	71.31				58.65	12.66
VANTAGEPOINT TRANSFER AGENTS	PAYROLL DEDUCTION PAYABLE	2,150.00	2,150.00				
YE ZOU	CONTRACTUAL SERVICES-TEMPORARY	4,471.75				2,235.88	2,235.87
SUB-TOTAL OF PAYMENTS TO BE PROCESSED 12/03/14		153,442.34	57,186.80	4,103.72	28,714.38	51,650.08	11,787.36
CALPERS SUPPLEMENTAL INCOME	PAYROLL DEDUCTION PAYABLE	4,493.00	4,493.00				
CALPERS	PAYROLL DEDUCTION PAYABLE	23,862.25	23,862.25				
COASTSIDE.NET	TELEPHONE/COMMUNICATIONS	399.00				399.00	
MARINE LIEN SALES SERVICE	COLLECTION EXPENSE	320.00					320.00
OPERATING ENGINEERS LOCAL NO.3	PAYROLL DEDUCTION PAYABLE	1,062.00	1,062.00				
PG&E	UTILITIES	331.46					331.46
TEAMSTERS UNION LOCAL 856	PAYROLL DEDUCTION PAYABLE	433.00	433.00				
TERMINIX INTERNATIONAL	CONTRACTUAL SERVICES	67.00				67.00	
VANTAGEPOINT TRANSFER AGENTS	PAYROLL DEDUCTION PAYABLE	2,150.00	2,150.00				
AIRGAS, NCN	CONTRACTUAL SERVICES	109.70				109.70	
ARROWHEAD MOUNTAIN WATER	CONTRACTUAL SERVICES	56.46					56.46
BAY AREA NEWS GROUP EAST BAY	ADVERTISING EXPENSE	104.86				52.43	52.43
CALPERS	PAYROLL DEDUCTION PAYABLE	24,664.92	24,664.92				
DOODYCALLS, LLC	OPERATING SUPPLIES	1,317.15				1,317.15	
FIRSTCHOICE	CONTRACTUAL SERVICES	32.15			32.15		
GARDA CL WEST, INC.	CONTRACTUAL SERVICES	29.90				20.55	9.35
MOFFATT & NICHOL ENGINEERS INC.	TIGER GRANT CONSULTING	61.00				61.00	
TOTAL HANDCHECKS		59,493.85	56,665.17	-	32.15	2,026.83	769.70
TOTAL BILLS & CLAIMS		212,936.19	113,851.97	4,103.72	28,746.53	53,676.91	12,557.06
			PAYROLL	COMM	ADMIN	PPH	OPM

Memo

TO: San Mateo County Harbor District Commissioners

FROM: Debra Galarza, Director of Finance

DATE: December 3, 2014

SUBJECT: AUTHORIZATION TO PAY BILLS & CLAIMS OCCURRING BETWEEN
DECEMBER 4, 2014 AND JANUARY 20, 2015 IN AN AMOUNT NOT TO
EXCEED \$650,000

Recommendation

Authorize payment of bills and claims occurring between December 4, 2014 and January 20, 2015 in an amount not to exceed \$650,000.

Background

The Board has cancelled two (2) Board meetings: December 4, 2014 and January 7, 2015. Absent the cancellation of this meeting, the Board would normally be asked to approve bills and claims for standard operating expenses.

The Finance Department requests authority to issue up to \$650,000 in payments for bills and claims that will arise due to normal District operations. The Finance Department anticipates that standard expenses will not exceed \$450,000 but has requested an additional \$200,000 in payment authority to address any legal or capital project expenses that may occur during that time frame. Providing \$650,000 in payment authority would allow the District to pay claims to earn rebates and avoid penalties, late charges and interruptions to District operations related to delayed payments.

Any urgent items above the estimated amount will be presented to the President of the Board for interim approval.



Memorandum

TO: San Mateo County Harbor District Board of Commissioners
FROM: Steven D. Miller, General Counsel
DATE: December 3, 2014
RE: **Updated Draft Policy on Confidential Communications**

At the Harbor District meeting on November 5, 2014 your General Counsel presented a memorandum and draft Policy regarding Confidential Communications. At that meeting, the Board discussed certain alternative approaches to the draft Policy, and instructed General Counsel to return to the Board on December 3, 2014 with an updated draft Policy that provided alternatives in two areas: (1) application of the Policy to Attorney Client Confidential Communications only, or Attorney Client Confidential Communications as well as Confidential Closed Session Communications; and (2) specific procedural steps that might be included in the draft Policy.

As per the Board's direction, the following draft Policy provides a number of alternative approaches in the two requested areas. All alternatives are marked as such (underlined and bracketed) for Board consideration, should the Board determine to adopt a Policy.

In particular with regard to the procedural requirements: So long as due process (i.e. notice and an opportunity to be heard) is provided, the exact process could be tailored on a case by case basis depending on particular facts and circumstances. Therefore, a Policy that requires notice and an opportunity to be heard, but does not specify particular procedures that must be followed in all instances, meets legal requirements, so long as the actual process is sufficient under a particular set of circumstances. Nevertheless, at the Board's request, the attached draft Policy includes a number of possible procedural requirements.

DRAFT POLICY ON CONFIDENTIAL COMMUNICATIONS

A. General Statement of Policy

In order to keep the Board of Commissioners of the San Mateo County Harbor District (District) fully informed about pertinent legal issues that may impact the Commissioners' decision-making, the District's attorney from time to time issues confidential legal opinions or exchanges other attorney-client privileged communications.

The Board of Commissioners as a body is the holder of the attorney-client privilege for the District regarding all attorney-client privileged communications, including legal opinions and all other confidential and privileged communications, both oral and written, that the District's Attorney exchanges with the Members of the Board of Commissioners, the General Manager, or other District employees.

Only the Board of Commissioners acting as a body may choose to waive the District's privilege with respect to attorney-client privileged communications. Individual members of the Board of Commissioners, and individual employees, may not waive the District's attorney-client privilege. This means that attorney-client privileged communications may not be disclosed unilaterally by an individual Commissioner to any person who does not fall within the District's attorney-client privilege without having prior approval of the disclosure by a majority of the Members of the Board of Commissioners.

[POSSIBLE ADDITIONAL PARAGRAPH IF CLOSED SESSION COMMUNICATIONS ARE TO BE INCLUDED]: The rules of this policy regarding confidentiality of attorney client privileged communications also apply to all confidential information that has been acquired by being present in a closed session authorized by the Brown Act, even if not otherwise subject to the attorney-client privilege. This means that confidential information that has been acquired by being present in a closed session authorized by the Brown Act cannot be disclosed to a person not entitled to receive it, without having prior approval of the disclosure by a majority of the Members of the Board of Commissioners.

The obligation to preserve the attorney-client privilege exists to serve the purpose of encouraging Commissioners, the General Manager, and other District employees to seek legal assistance and to communicate fully and frankly with the District's Attorney.

Unauthorized disclosure of confidential information that is subject to the attorney-client privilege, [as well as unauthorized disclosure of information that is confidential under the Brown Act's protections] causes harm to the District. Harm to the District from such breaches of confidentiality ranges from diminution of District personnel's willingness to communicate fully and frankly with the District's attorney to unwarranted and increased litigation exposure and increased risk of damages awards against the District.

B. Prohibitions Against Disclosure

1. Unless authorized by an affirmative vote of a majority of the Members of the Board of Commissioners, no Commissioner in receipt of any Confidential Communication may disclose,

or cause to be disclosed, all or part of any Confidential Communication to an Unauthorized Person.

2. Any Commissioner who discloses, or causes to be disclosed, any Confidential Communication to an Unauthorized Person may be subject to public censure by the Board of Commissioners. Any censure proceeding will be conducted [in accordance with Paragraph D,] in public at a duly noticed meeting of the Board of Commissioners. No public censure will occur unless the accused Commissioner has been provided with notice of the accusation and the facts underlying such accusation and an opportunity to be heard at the censure proceeding.

C. Definitions

1 "Confidential Communication" means communications as defined by California Evidence Code Section 952. Confidential Communication does not include information that (i) is required by law to be reported out of closed session, (ii) is authorized by a majority of the Board of Commissioners to be disclosed, or (iii) is otherwise authorized to be disclosed under the law. Without limiting the generality of the foregoing, Confidential Communication includes:

a. Any oral or written communication from the District's attorney containing the attorney's legal opinions, advice, thoughts, impressions, or conclusions that are given on behalf of the District. A written communication from the District's attorney need not be formally designated "Confidential" or "Privileged" to be a Confidential Communication;

b. Any oral or written information to the District's Attorney in the course of the attorney-client relationship and in confidence. A written communication to the District's attorney need not be formally designated "Confidential" or "Privileged" to be a Confidential Communication; or

[c. Any communication or information provided orally or in writing in preparation for or during a duly authorized closed session of the Board of Commissioners.]

2. "Unauthorized Person" means:

[a. With respect to a Confidential Communication communicated during a closed session, any person, other than a Commissioner (subject to (c) below), not in attendance at the closed session; or]

b. Any person other than the person or persons to whom the oral or written Confidential Communication is directed or addressed; or

c. Any person who has a disqualifying conflict of interest in the subject matter of the information contained in the Confidential Communication.

d. Unauthorized Person does not include Commissioners, the General Manager, or other District employees who have a need to know the information contained in the Confidential Communication in order to discharge the duties of their positions for the benefit of the District.

[FOLLOWING SECTION CONTAINS ADDITIONAL OPTIONAL PROVISIONS REGARDING PROCEDURES. THE ENTIRE SECTION IS OPTIONAL, AND THERE ARE ALTERNATES WITHIN THE LARGER OPTIONAL STRUCTURE]

D. Procedure

1. A request for a censure proceeding set forth in Section B.2 must first be submitted to [the President of the Board of Harbor Commissioners/the General Manager/the General

Counsel] in writing by [any/two] member(s) of the Board of Harbor Commissioners. The request must contain the specific charge(s) on which the proposed censure is based and any written material(s) which support the basis for the charge(s).

2. A copy of the request for censure and the charge(s) must be sent by the [President/General Manager/General Counsel] to all the members of the Board of Harbor Commissioners [and to the General Manager/General Counsel] at least [four business days] prior to the Board of Harbor Commissioners meeting at which it will be considered. Upon receipt of a request for censure, the General Manager will agendaize the request and charge(s) in accordance with the Brown Act for consideration at the next regular meeting of the Board of Harbor Commissioners.

3. At the next regular meeting of the Board of Harbor Commissioners, the Commissioners must decide [by majority of the entire Board (ie three votes)/ by four votes/ by a majority of Commissioners present] that either:

- Further investigation of the charges is required; or
- The matter is to be set for public hearing at a date determined by the Commission; or
- No further action is required.

a. If the Board of Harbor Commissioners determines that further investigation is required, such investigation will be done by [an outside investigator recommended by the General Counsel and appointed by the Board/an advisory Committee appointed by the Board President. If the Board President is the subject of the request for censure, the Committee will be formed by the Board Vice-President.] When complete, the [investigator/advisory Committee] will provide the General Manager with a written report containing both the results of the investigation, and a recommendation as to Board action, if any. Upon receipt of the written report, the General Manager will set a public hearing on the matter no earlier than the next regularly scheduled meeting of the Board of Harbor Commissioners. The General Manager will provide a copy of the written report to all Commissioners, and will include the written report in the agenda packet for the meeting at which the report will be considered.

b. If the matter is set for public hearing, it must be set no earlier than the next regularly scheduled meeting of the Board of Harbor Commissioners following the Commissioners' determination under Section 3 of these procedures, or following receipt of a written report from the investigating body, in order to give the accused Commissioner adequate time to respond to the charges. At the public hearing, the following will occur:

- i. There will be opportunity for public comment.
- ii. If an investigation has taken place, the [investigator/Advisory Committee] will present the results of the investigation.
- iii. The accused Commissioner will have an opportunity to make a statement, and may also provide a written response to any report submitted by the [investigator/advisory Committee]. The accused Commissioner must submit such a response at least 24 hours prior to the public hearing and it will be made available to all Commissioners, and to the public.
- iv. Any censure will be accomplished by a Resolution of Censure subject to the rules for adopting any Resolution.




San Mateo County Harbor District

Memo

DATE: November 13, 2014

TO: Board of Harbor Commissioners

FROM: Peter Grenell
General Manager 

SUBJECT: General Manager's Report: Update on Priority Items for November 19, 2014

CC: Managers
District Counsel

REPAIR AND IMPROVEMENT PROJECT UPDATES

Pillar Point Harbor

Dock fingers replacement: Permit process underway.

West Trail (PPH marsh to Mavericks beach): Permit and bid processes underway.

Concessionaires Building Sewer Repairs: Main sewer line completed. One lateral link remains to be repaired.

Romeo Pier Demolition: Investigation of removal methods and costs underway. Permit process underway.

Oyster Point Marina/Park

Additional Public Restroom for Ferry Riders and Trail Users: Staff met with interim assistant city manager following initial on site meeting with city staff to clarify project concept and approach. An MOU covering District role and cost recovery for provision and maintenance of facility will be drafted for District and City review.

OTHER TOP PRIORITIES

Pillar Point U. S. Coast Guard Presence: USCG is still interested in a presence at PPH, but budget constraints and mission priorities preclude any immediate action. Nothing further to report at this time.



San Mateo County Harbor District

SECOND LEVEL PRIORITIES

PPH new pier, PPH Inner Harbor development, OPM development, OPM dining cruises: Nothing further to report at this time.

PROGRESS REPORTS ON ITEMS OF BOARD AND PUBLIC INTEREST

NOTE: These reports are provided at Commission request to update these items of interest and by staff as deemed of importance to the public.

Strategic Business Plan: The District's consultant, LWC, convened a second public meeting in workshop format with public notice for the Pillar Point plan component on October 14th in Princeton. Community input was gathered regarding marine infrastructure and facilities, environment and sea level rise, shore-side facilities and circulation and parking, and revenue generation.

An initial public meeting for the Oyster Point component occurred on September 30th in South San Francisco. Mayor Matsumoto was present. Overall strategic plan objectives for the District were presented and objectives for Oyster Point. A second public outreach meeting will be convened on December 1st at the Oyster Point Yacht Club.

A draft update of the District's Division of Boating and Waterways business plan for retiring the District's remaining development loan balance is nearing completion. It will be brought to the Harbor Commission for review and approval before forwarding to DBW for their review and approval.

The consultant has begun outreach to the Pillar Point fishing community as a first step toward preparation of the sustainable fisheries plan for the Pillar Point Strategic Plan component.

PPH Water Quality Study (Resource Conservation District) follow-up: Final RCD report has been approved and issued. Harbor staff continues doing monthly water quality sampling supported by the RCD, including three new sampling locations. Results continue to show no contamination in the inner harbor. RCD is continuing educational outreach to upland residents with the goal of reducing flow of contaminants into the outer harbor.

Pursuant to recent Harbor Commission actions, Harbor District and RCD are implementing actions pursuant to a programmatic amendment to their Inter-Agency Agreement for the water quality work program for FY 2014-15.

Clean Marina Activities (both harbors): Staff continues routine Clean Marina duties.

TIGER Grant Application for Johnson Pier and approach road access and safety improvements: Pursuant to Harbor Commission approval, by April 28th staff submitted an application for \$4,330,000 to the federal Dept. of Transportation for funds to provide improved



San Mateo County Harbor District

large truck access to and from Johnson Pier for more efficient and safe fish loading. Improvements will include (a) expanding pier deck area to enable large trucks to drive on and off the pier without backing up; and (b) modifying truck turning areas at three street intersections between Highway 1 and the Pier to reduce congestion and safety hazards. If awarded, grant funds would become available in 2016. Recent intensive truck activity on the Pier to service the busy squid unloading activity has exemplified the concern which the grant application seeks to address.

Possible Romeo Pier Demolition: Winter and early spring storm and wind activity resulted in accelerated deterioration of the Romeo Pier. District staff is investigating implementation methods and permit requirements for demolishing the Romeo Pier, pursuant to Harbor Commission action. Final Harbor Commission action will be needed regarding the extent, timing and cost of demolition (full or partial) once needed information is in hand.

The Strategic Business Plan process will include consideration of a possible multi-use replacement pier for the Romeo Pier as part of the Pillar Point Plan component.

PPH Concessionaires Building Sidewalk Improvement: Nothing further to report at this time.

PPH Surfers Beach Shoreline Improvement (U. S. Army Corps of Engineers lead agency): The Corps is preparing its draft project report on modeling alternative possible solutions to the beach erosion problem, environmental considerations, and cost/benefit analysis.

The Regional Sediment Management (RSM) planning process is underway for the Santa Cruz Littoral Cell, which comprises the area between Moss Landing and Pillar Point. Information obtained by the Corps of Engineers for the Surfers Beach project will be available for the planning process.

Caltrans and County Parks Department are collaborating on a project (a) to protect the Highway 1 embankment at Surfers Beach (Caltrans) and (b) to provide improved public access along the highway and to the beach (County Parks). The Harbor District is not involved in this project.

County Plan Princeton Process: The County's Plan Princeton team convened another community workshop to review and discuss three draft alternatives for possible County implementation on October 2nd in Princeton. Further information is available on the County's project website: www.PlanPrinceton.com.

County Comprehensive Transportation Management Plan (CTMP): Preparation of this plan, now underway, is a requirement of the County's Midcoast Local Coastal Program Update. A Technical Advisory Committee (TAC) has been formed by the County. The General Manager was requested to sit on the TAC; he attended the TAC's first meeting on Sept. 30th. The plan will focus on the Highway 1 and Highway 92 corridors and adjacent areas which these roads serve. The County convened a public workshop in Princeton on Nov. 10 to elicit further public comment on CTMP data and projections.



San Mateo County Harbor District

San Mateo County Sea Level Rise Response: Following the second sea level rise conference hosted by Congressional Representative Jackie Speier, Assemblyman Rich Gordon, and Supervisor Dave Pine on June 27 in Foster City, the County decided to form three working groups to investigate and formulate recommendations on:

- **Preparing a county-wide sea level rise vulnerability assessment**
- **Local financing options for addressing sea level rise**
- **Organizational structure for our on-going sea level rise planning efforts.**

The District's Harbor Master participated in the first Working Group meeting on Vulnerability Assessment on Sept. 26th.

Coastal Commission (CCC) Draft Sea-Level Rise Policy Guidance: Coastal Commission staff reported at the fall meeting of CMANC (CA Marine Affairs and Navigation Conference, of which the District is a member), that a revised policy guidance document will be considered by the Coastal Commission in November and December.

SF Bay Water Trail Grant Application for OPM: Staff is finalizing an application to the Coastal Conservancy Water Trail Program for Trail-related signage.

Free WiFi at District Harbors: The Wireless Hotspot at Pillar Point Harbor is in limited operation. It is a free open public network for Pillar Point known as "Harborfree" for all WiFi-enabled computers to gain access to the internet. The wireless service is unsecured and requires agreement to a disclaimer. Technical support to the general public is not available.

At this time service is limited to part of the Pillar Point Harbor area. Implementation of an already-executed agreement with Comcast will result in a larger service area. Similar WiFi service will be provided at Oyster Point Marina/Park as well.

Harbor Commission Facilitation Update: Commissioner interviews took place on June 9th and 10th pursuant to the consulting facilitator's program. The facilitator elicited responses from the general public on August 25 and 26, and plans to have follow-up interviews with Commissioners prior to organizing a public Harbor Commission workshop.

COMPLETED PROJECTS DURING 2013-2014

NOTE: The summary below is included to enable the Commission and the public to review project-related priority achievements during this time period.

Pillar Point Harbor

Boat Launch Ramp Slurry Seal
Johnson Pier Fish Handlers Building Painting



San Mateo County Harbor District

West Restroom Renovation
Vessel Pump-Out Station Replacement
Johnson Pier sewer line replacement
Launch Ramp Maintenance Dredging

Oyster Point Marina/Park

Boat Launch Ramp Slurry Seal
Restroom Renovation
Dock 11 and Dock 8 (Guest Dock) Improvements
Wave Attenuators

Administration/Operations

Memo

To: Board of Harbor Commissioners
From: Scott Grindy, Acting General Manager
CC: Peter Grenell, General Manager
Date: November 21, 2014
Re: December 3, 2014 Meeting Report

Oyster Point Marina/Park

- Continuing with meeting and working with the City of South San Francisco in regards to the new grant funded restrooms and project planning efforts.

Pillar Point Harbor

- Electrical project punch lists on projects completed to date.

Miscellaneous Items

- Holiday Event Planning Activities both Harbors
- Working with acting Harbor Masters on transitional activities
- Working with General Manager on transitional activities
- Meeting with SSF Chamber and Convention Bureau
- Meeting with Harbor Worker candidate
- Meetings and activities with administrative staff for transitional needs
- Updating future commissioners (new) on events and activities
- Staff evaluation activities
- Attending various Coastal Commission Meetings and events
- Strategic Plan discussions and calls
- Commissioner calls and responses

EMS-Clean Marina Activities-District Wide

- Awaiting sampling reports for First Flush storm drain water testing/sampling from RCD.



**City of South San Francisco
SMC Water Transit Advocates
Minutes of the Meeting on Friday, September 12, 2014**

City of South San Francisco
City Hall – 2nd Floor (Large Conference Room)
400 Grand Avenue
South San Francisco, CA 94080

CALL TO ORDER – 10:00 A.M.

Attendees: Karyl Matsumoto, Mayor City of South San Francisco
Kevin Connolly, Water Emergency Transportation Authority
Ernest Sanchez, Water Emergency Transportation Authority
Peter Grenell, San Mateo County Harbor District
Scott Grindy, San Mateo County Harbor District
John Ford, Peninsula Traffic Congestion Relief Alliance
Michael Barber, Office of San Mateo County Supervisor Dave Pine's Office
Maria Martinucci, South San Francisco Chamber of Commerce
Ben Cohn, Office of Assemblymember Kevin Mullin
Reese Isbell, BayBio Institute
Simon Kwong, City of South San Francisco

AGENDA

1. Update of WETA Bay Ferry Marketing Plan and Outreach

- Ernest Sanchez provided updates for the group, citing South San Francisco ferry ridership has increased to 91% of WETA's ridership projections for 2015. Ferry ridership peaked during the BART strike, averaging 400 riders per day.
- Ernest Sanchez states WETA's objective is to attract commuters coming from the East Bay and employees working at Oyster Point. It is up to the City to create general awareness regarding the ferry service to non-commuters, particularly for the midday service on Wednesdays and Fridays.
- Ernest Sanchez says WETA's primarily promote the ferry service to employers, human resource departments, and transportation coordinators.
- Ernest Sanchez worked with Maria Martinucci and Reese Isbell on a networking event to promote the ferry service. Maria Martinucci states the event had approximately 80 attendees.
- Ernest Sanchez suggested placing ferry brand ambassadors at Oyster Point to promote the Ferry. Mayor Karyl Matsumoto suggested posting lighted message boards in place of brand ambassadors.
- Scott Grindy invited WETA representatives to host a ferry table in three upcoming events happening on October 9, October 18, and December 6 at Oyster Point Marina Park.
- Maria Martinucci says the Brisbane Chamber of Commerce publishes a newspaper called "Luminary," which goes out to residents of Brisbane. Maria Martinucci will contact and collaborate with the Brisbane Chamber of Commerce to promote the ferry service in South San Francisco.
- Mayor Karyl Matsumoto says she will pass along a new contact for the San Francisco Examiner to Ernest Sanchez.

- Kevin Connolly reports 68% of East Bay resident employees are taking the ferry from Oakland, Emeryville, Alameda, Berkeley, and San Leandro. Kevin Connolly reports approximately 123 to 150 people within mentioned areas would take the ferry to South San Francisco.

2. Printed Materials and Social Media

- Ernest Sanchez says WETA marketing efforts include direct mail campaigns, website marketing, brochure distribution, outdoor billboards, radio advertising, social media, and outreach events. Flyers and brochures are available upon request and downloadable online.
- Ernest Sanchez is working with employees from Google to identify ferry riders and discover how ferry riders locate information.
- Ernest Sanchez is promoting the ferry using targeted online marketing, giving him the freedom to place ads specifically within South San Francisco, Oakland, and parts of Alameda. In addition to geographic targeting, Ernest Sanchez is also using online keyword targeting, which retrieves a targeted ferry ad each time ferry information is queried.

3. Efficacy and Objectives of WTA

- Mayor Karyl Matsumoto asks the group, “what do we want to achieve with WTA? What are our objectives? What should we be covering? How can we be more effective?”
- Michael Barber and Ben Cohn say figures are very important to their offices. Supporting figures and information can lead to political support.
- Peter Grenell asks the group to think about the ferry with regards to the biotechnology industry blossoming at Oyster Point.
- Maria Martinucci says the ferry is a way for employers to get employees to work, in addition to providing resources and transportation to the public in the event of an emergency.
- Ernest Sanchez says, “given that the ferry is already launched in South San Francisco, we can provide a quarterly report to the City Council or WTA.”
- John Ford wants the group to identify most important data, create a reporting format, and establish a standard methodology for the group.
- Mayor Karyl Matsumoto suggests making the WTA meeting semi-annual and reaching out to the cities of San Bruno and Brisbane.

4. Roundtable

- Mayor Karyl Matsumoto and Simon Kwong recently took the ferry to observe ferry ridership during a typical morning commute. Mayor Karyl Matsumoto counted approximately 60 riders total during the trip with the majority of riders getting on the ferry at the port of Oakland.
- Mayor Karyl Matsumoto asks about ferry farebox recovery, citing it is well above 40% system wide, despite being only 19% in South San Francisco.
- Kevin Connolly states the South San Francisco farebox recovery is actually at 23% and the Metropolitan Transportation Commission would likely allow the South San Francisco ferry service to continue past the three-year deadline. Kevin Connolly states MTC has set the bar high due to data from Alameda without considering the healthcare costs associated with labor.
- Kevin Connolly states, “given the cost structure from fuel, labor and maintenance, SSF ridership will likely max out at 30%. To get 40%, we would need fares so high that no

one would take it.” Kevin Connolly says 40% would only be possible if there are more riders coming from the East Bay for work at Oyster Point.

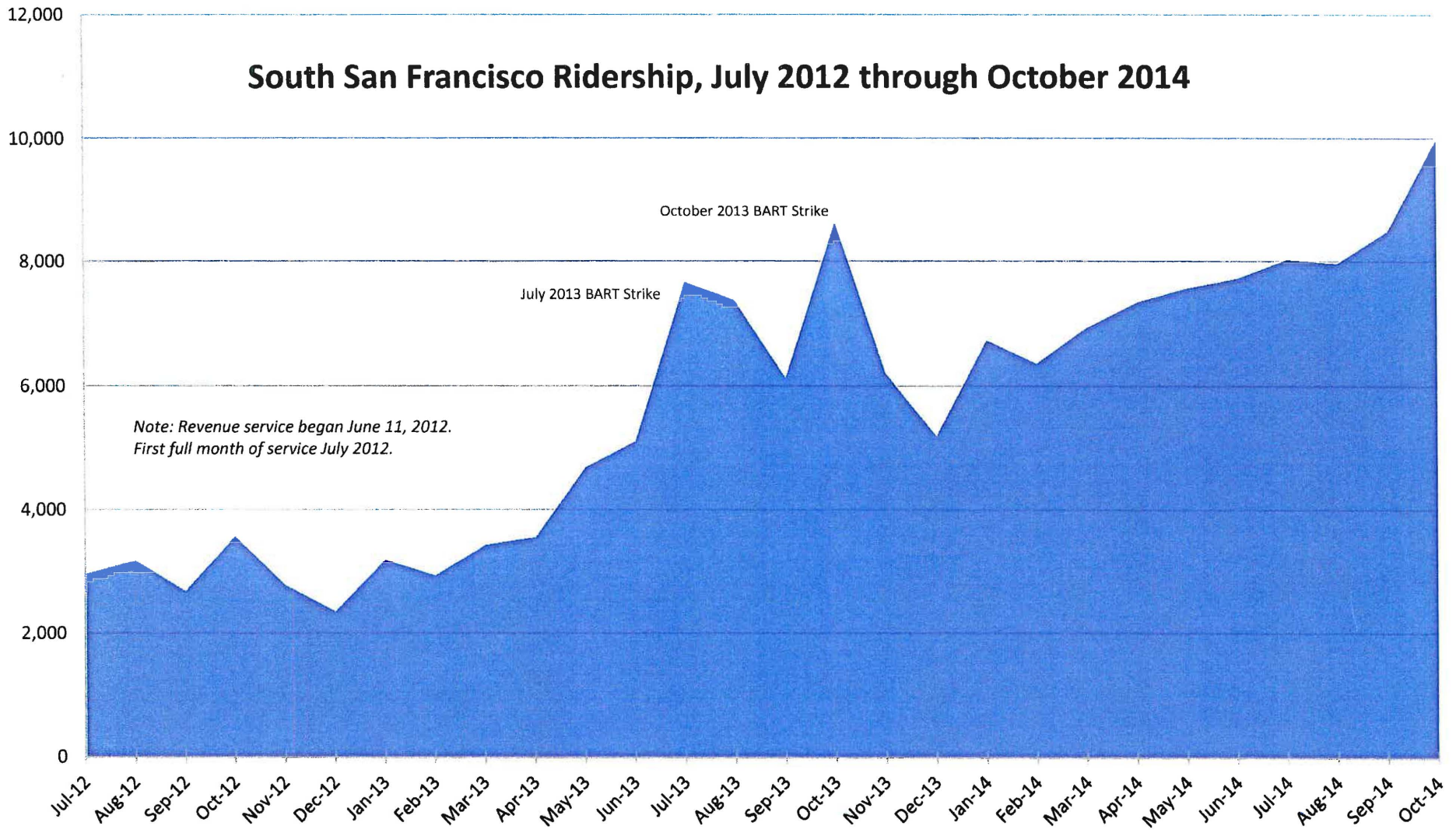
- Ernest Sanchez adds to the discussion, citing Harbor Bay took eight years to reach an average ridership of 400. South San Francisco is well ahead of Harbor Day, reaching an average ridership of 370 in two years. Currently, Harbor Bay is at 49% farebox recovery.
- Mayor Karyl Matsumoto asks WETA representatives whether it would be feasible to run the ferry from South San Francisco to San Francisco to alleviate congestion caused by an oversubscribed Caltrain.
- Kevin Connolly says two obstacles are present: MTC may declare the route from South San Francisco to San Francisco “non-transit” due to bridge tolls and there are only 62 spaces on the ferry with two docks in San Francisco.
- Kevin Connolly says another option would be to make South San Francisco an origin port to the South Bay. However, trips to South Bay would make overall ferry trips longer and less attractive to commuters.
- Reese Isbell suggests creating additional ferry routes from South San Francisco to accommodate sport fans attending Golden State Warrior games and San Francisco Giants games. Kevin Connolly has met with the Warriors and has discussed commute options with the administration. Kevin Connolly says the primary problem is that there are only two ferry docks, which are not enough to efficiently bring masses of people from port to port.

5. Next meeting: November 14, 2014

Friday, November 14, 2014 at 10:00 a.m. – South San Francisco City Hall (400 Grand Avenue), Large Conference Room

Minutes submitted by: Simon Kwong, Social Media Coordinator

South San Francisco Ridership, July 2012 through October 2014



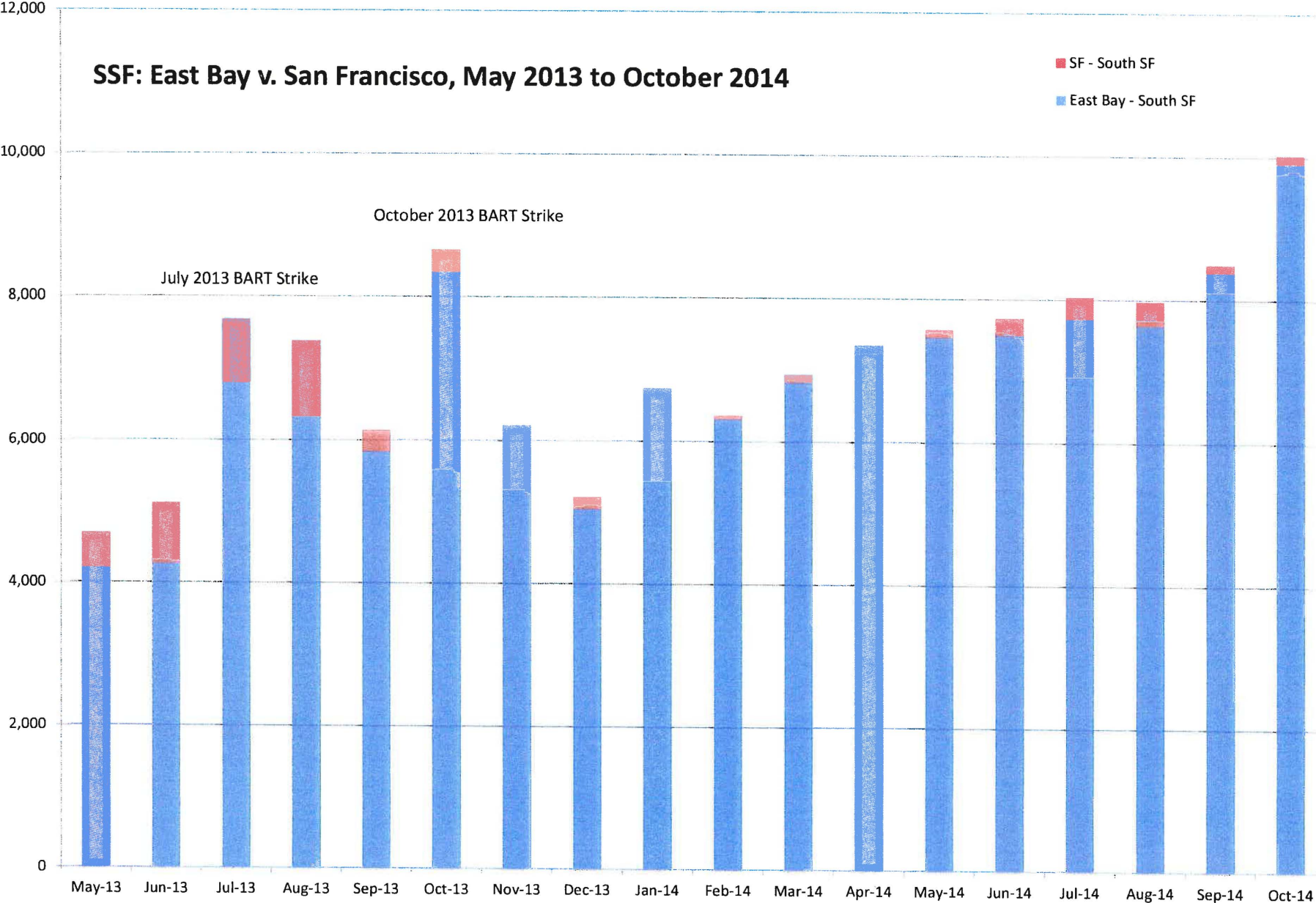
*Note: Revenue service began June 11, 2012.
First full month of service July 2012.*

October 2013 BART Strike

July 2013 BART Strike

SSF: East Bay v. San Francisco, May 2013 to October 2014


- SF - South SF
- East Bay - South SF



Month	SSF/East Bay	SSF/SF	TOTAL SSF
Jun-12	5,141		5,141
Jul-12	2,960		2,960
Aug-12	3,181		3,181
Sep-12	2,690		2,690
Oct-12	3,580		3,580
Nov-12	2,786		2,786
Dec-12	2,363		2,363
Jan-13	3,193		3,193
Feb-13	2,938		2,938
Mar-13	3,439		3,439
Apr-13	3,562	489	4,051
Jun-13	4,263	854	5,117
Jul-13	6,809	873	7,682
Aug-13	6,333	1,058	7,391
Sep-13	5,844	314	6,158
Oct-13	8,350	313	8,663
Nov-13	6,127	94	6,221
Dec-13	5,043	170	5,213
Jan-14	6,675	78	6,753
Feb-14	6,314	62	6,376
Mar-14	6,842	113	6,955
Apr-14	7,223	136	7,359
May-14	7,475	106	7,581
Jun-14	7,507	233	7,740
Jul-14	7,734	308	8,042
Aug-14	7,642	337	7,979
Sep-14	8,381	114	8,495
Oct-14	9,908	121	10,029



STAFF REPORT

TO: San Mateo County Harbor District Commissioners
FROM:  Debra Galarza, Director of Finance
DATE: December 3, 2014
SUBJECT: Finance Department Report to the Commission

Accounting and operations

- Completed Financial Statements with auditors.
- Ongoing expense management through detailed review of invoices and review of bills and claims. Bi-weekly payroll processing and review.
- Attended SAMFOG (San Mateo County Finance Officer's Group) meeting for GASB 68 topic (requirement in FY 2015 to disclose your net pension liability on your financial statements.)
- Site visits to Pillar Point Harbor and Oyster Point Marina.
- Reviewed monthly accounts receivable aging list and confirmed collection procedures are being consistently applied. Followed up with tenants on payment plans.
- Finance meeting with staff.
- On vacation November 30-December 7th.

Memo

TO: San Mateo County Harbor District Commissioners

FROM: Marietta L. Harris, Human Resource Manager

DATE: November 26, 2014

SUBJECT: Report to the Commission

Activities:

Calpelra Conference – November 18 – November 21, 2014

Human Resource Services:

- Working with employees with personnel and HR questions.
- Meeting with management staff on personnel issues and HR concerns.

Administrative Services:

- Contacted Insurance regarding coverage for Contractors Pollution Liability
- Working with vendor regarding DBAW requirements for Pollution Liability
- Meeting with attorney regarding CAP request.
- PRA Request
- Staff meeting regarding transition to Acting General Manager.

Information Technology:

- Working with staff on IT issues and problems.
- Working with IT regarding Comcast.

OPERATIONS

Memo

To: Board of Harbor Commissioners
From: Charles White, Acting Harbor Master
CC: Peter Grenell, General Manager / Scott Grindy, Acting G.M.
Date: November 26, 2014
Re: December 3, 2014 Meeting Report

Oyster Point Marina/Park

Construction Update & General Status Updates

- *Misc. Maintenance Work in Progress Throughout the Marina*

OPM Miscellaneous

- Ferry Terminal use on weekends by district has been tentatively approved, now in legal MOU efforts and activities with WETA.
- Sonar survey by WETA on going.

Occupancy Overview (*November Month of Occupancy 2014*)

OPM

Total occupancy: 62% (267 slips/End Ties out of 428 are occupied).

Berth occupancy: 62% (258 slips only out of 414 are occupied).

Search and Rescue Activity Highlights & Urgent Need Activities

OPM: No items or issues to report at this time.

EMS-Clean Marina Activities-District Wide

Added recycling containers for fishing line at the Fishing Pier.

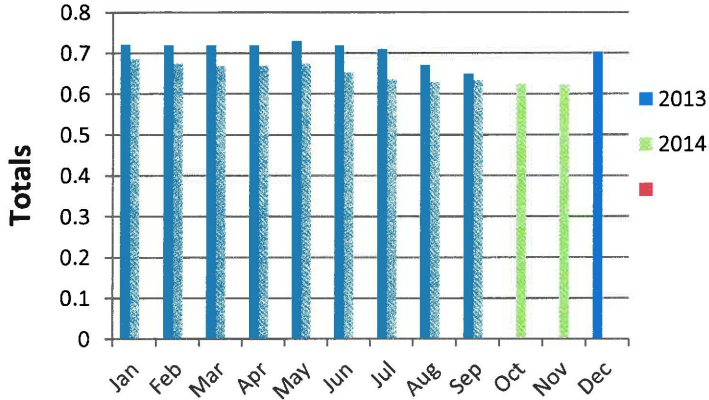
Calendar Reminder Items of Events and Activities

- Oyster Point Marina: Boat Lighting Parade Event the evening of December 6.

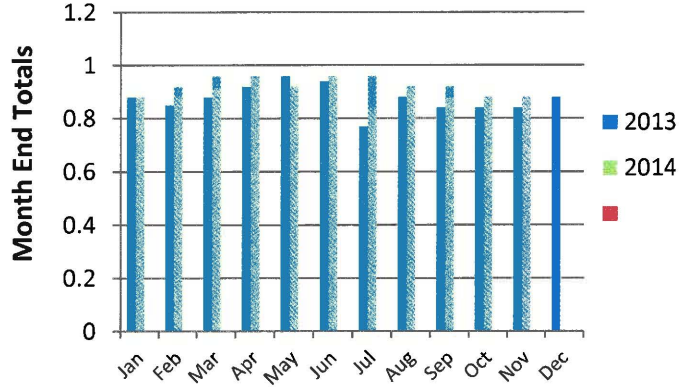
Oyster Point Marina

Monthly Marina Activity Report - November 2014

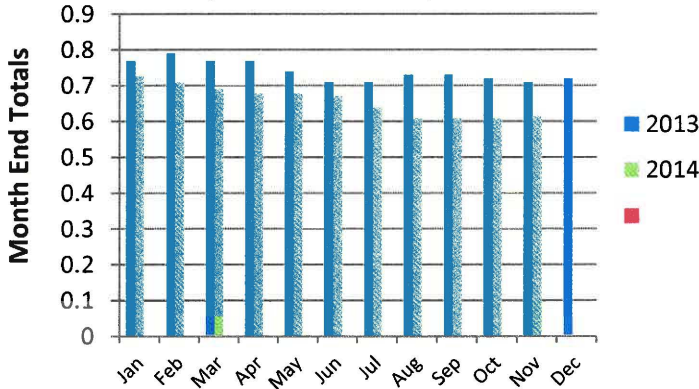
Overall Occupancy (428 Slips Available)



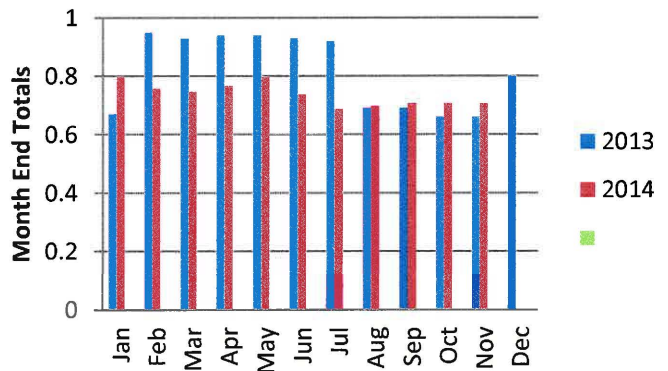
26 ft Slips (Total: 25)



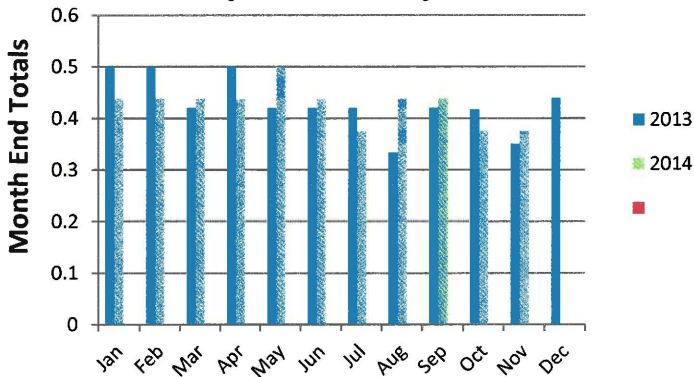
30 ft Slips (Total: 158)



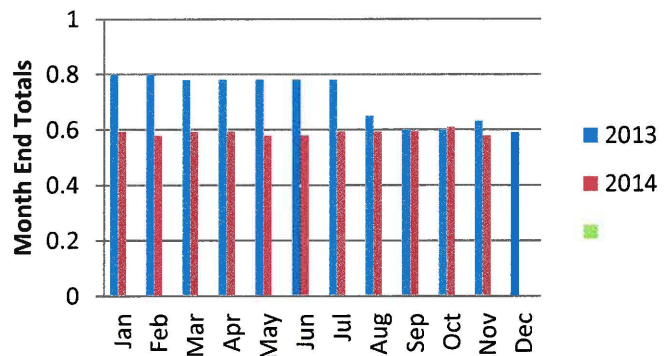
36 ft Slips (Total: 99)



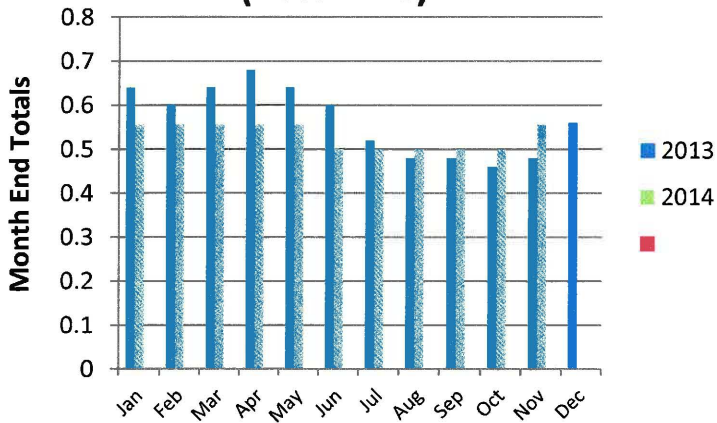
40 ft Slips (Total: 16)



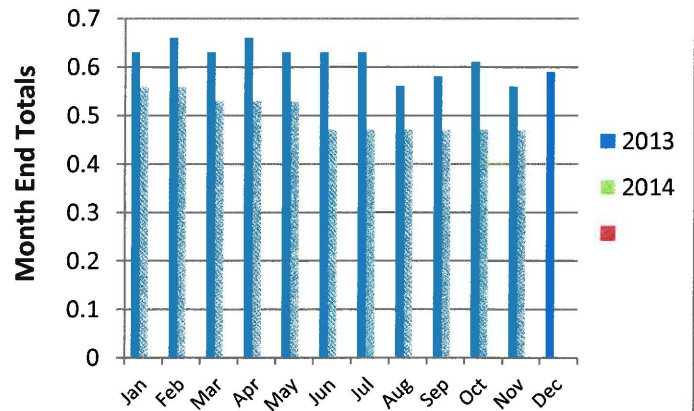
45 ft slips (Total: 64)



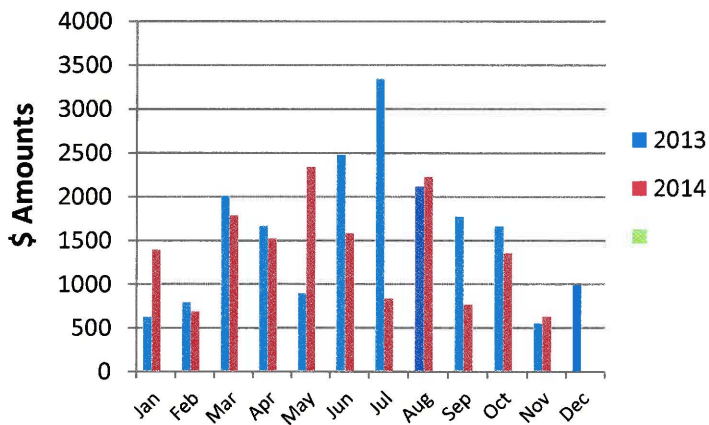
50 ft Slips (Total: 18)



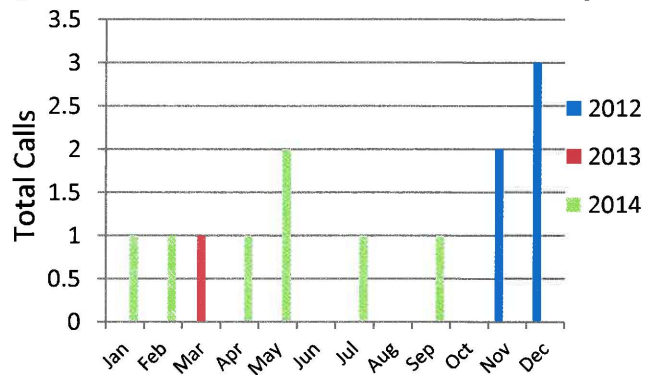
60 ft Slips (Total: 34)



Launch Ramp Totals



Call Outs (OPM Harbor Patrol - 2012-2014)



OPERATIONS

Memo

To: Board of Harbor Commissioners
From: John Draper, Acting Harbor Master
CC: Peter Grenell, General Manager / Scott Grindy, Acting G.M.
Date: November 25, 2014, 2014
Re: December 3, 2014 Meeting Report

Pillar Point Harbor

Construction Update & General Status Updates

- Misc. Maintenance Work in Progress Throughout the Marina.
- Work continues on electrical panels in fish buyer spaces, and removal of abandoned electrical wire and pipe under the fish buyer areas. (Delays with access during busy fish unloading period and supply back orders for stainless materials) Replacement electrical work to ABC main feeder panel on going, power outages will be very limited and noticed prior shutdowns.
- Building a kiosk at launch ramp area. Joint effort with Department of Fish and Wildlife, and San Mateo County MPA Collaborative.

PPH Miscellaneous

- Continuing to work with USCG, San Mateo County EOC on disaster and emergency planning for fuel availability at Johnson Pier. Once the draft is complete I will hold a meeting with the users of the facility for their input on the final report.
- The start of commercial crab is going strong. Lot of interest from the public on buying crab off the vessels.

Occupancy Overview (October Month of Occupancy 2014)

PPH

Total occupancy: 99%
Berth occupancy: 99%
Mooring 39%

Search and Rescue Activity Highlights & Urgent Need Activities

PPH: 4 SAR cases and 4 medical calls,

EMS-Clean Marina Activities-District Wide

Worked with San Mateo County Resource Conservation District with water sampling in harbor.

Calendar Reminder Items of Events and Activities

- Pillar Point Harbor: Boat Lighting Parade Event the evening of December 13th

2014 SAR Report

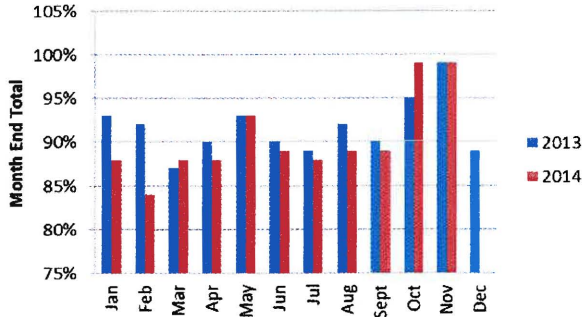
Pillar Point Harbor Patrol

	Search & Rescue	Patrol Vessel & DHM Calls	Medical	Law Enforcement	Training	Stand-Down	Total
Jan	4	12	0	3	0	0	19
Feb	4	16	0	1	1	0	22
Mar	6	14	3	1	0	0	24
Apr	3	6	0	1	1	1	12
May	7	11	0	2	0	0	20
Jun	5	9	1	1	0	0	16
Jul	1	9	0	3	1	1	15
Aug	6	11	1	4	0	2	24
Sep	4	10	4	0	1	2	21
Oct	6	10	3	1	0	1	21
Nov							
Dec							
Total	46	108	12	17	4	7	194

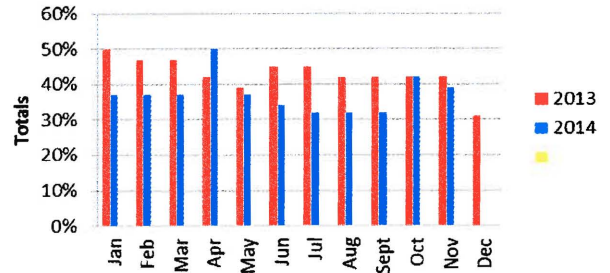
Pillar Point Harbor Dashboard

Monthly Marina Activity Report - November 2014

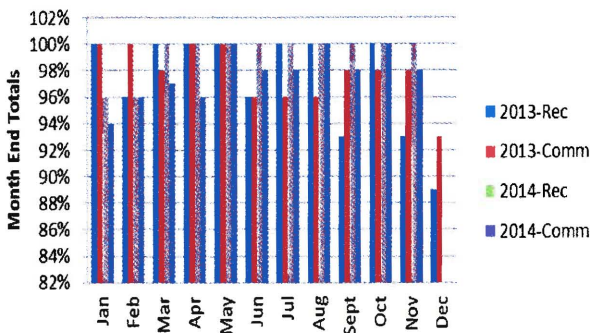
Overall Occupancy 369 slips available (Nov 14 - 99% occupied)



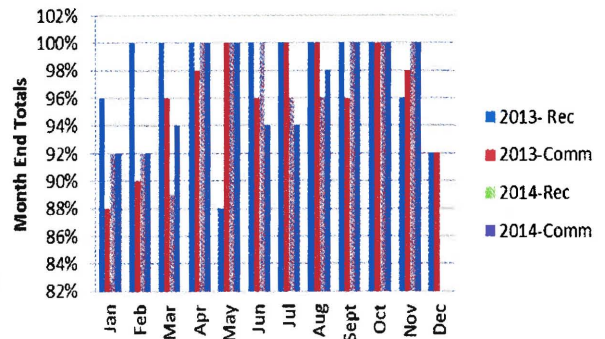
Mooring Occupancy 38 mooring available (Nov 14 - 39% occupied)



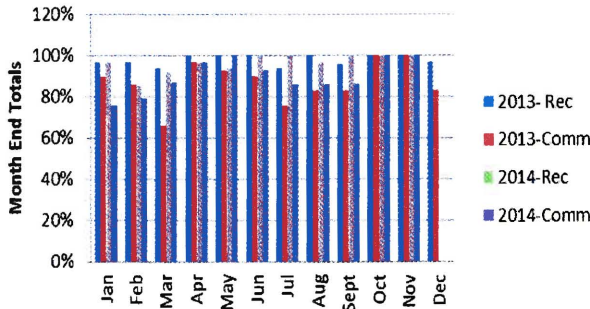
30 ft Slips (Total: 28 rec, 54 comm)



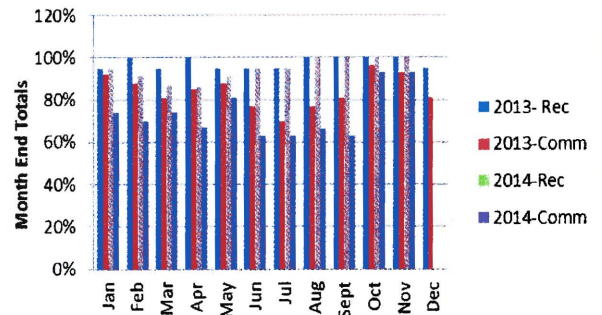
35 ft slips (Total: 26 rec, 48 comm)



40 ft Slips (Total: 34 rec, 29 comm)



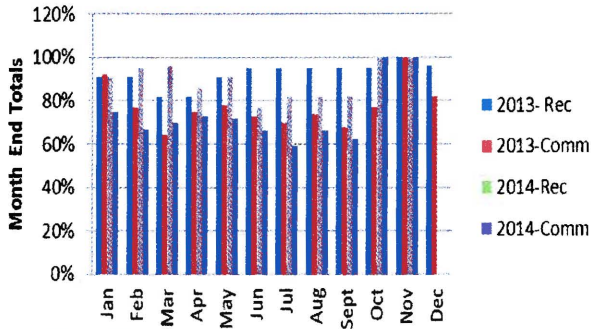
45 ft Slips (Total: 22 rec, 27 comm)



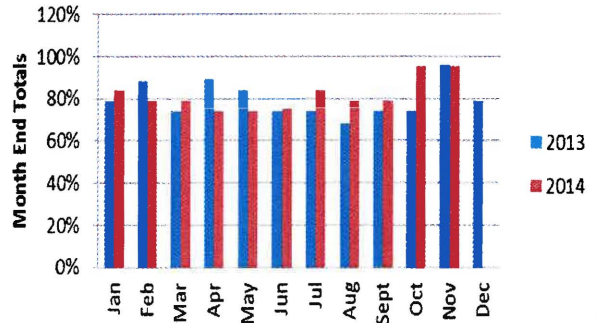
Pillar Point Harbor Dashboard

Monthly Marina Activity Report - November 2014

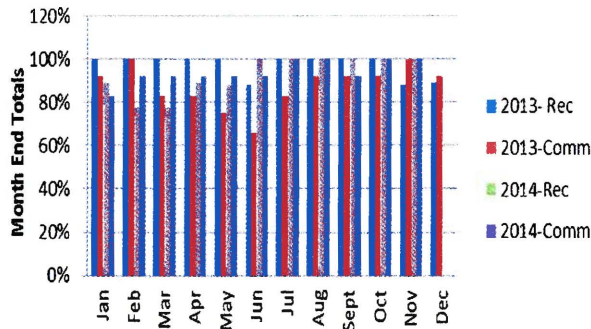
50 ft Slips (Total: 22 rec, 40 comm)



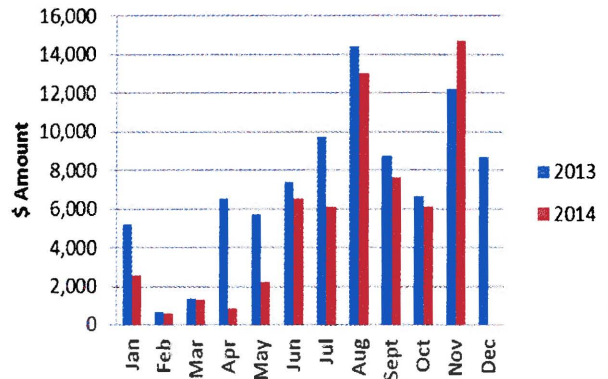
55 ft Slips (Totals: 19 comm)



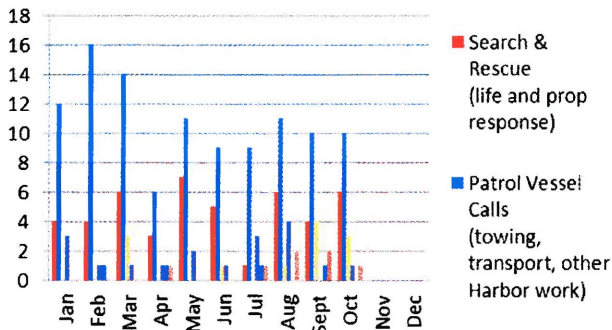
65 ft Slips (Totals: 9 rec, 12 comm)



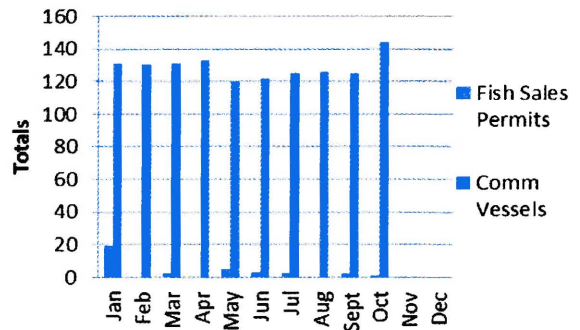
Launch Ramp Totals



Call Outs (PPH Harbor Patrol - 2014)



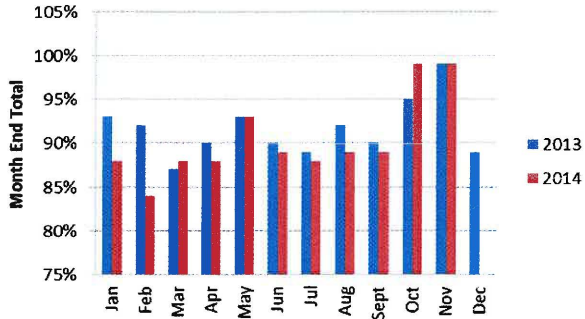
PPh Commercial Fishing Activity



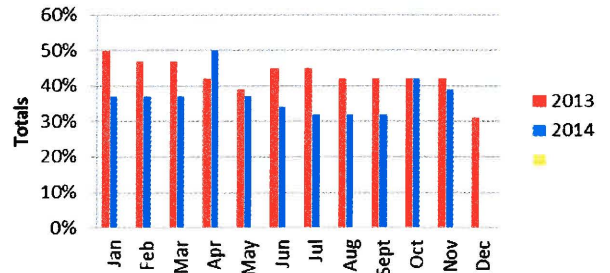
Pillar Point Harbor Dashboard

Monthly Marina Activity Report - November 2014

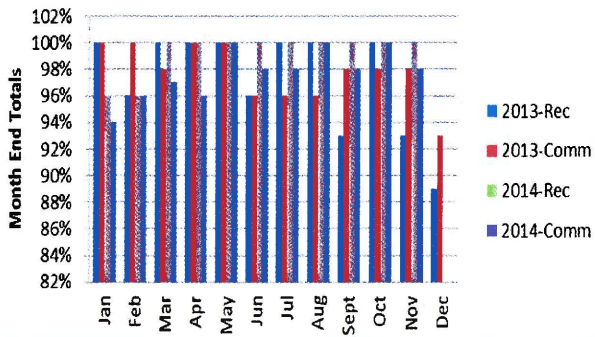
Overall Occupancy 369 slips available (Nov 14 - 99% occupied)



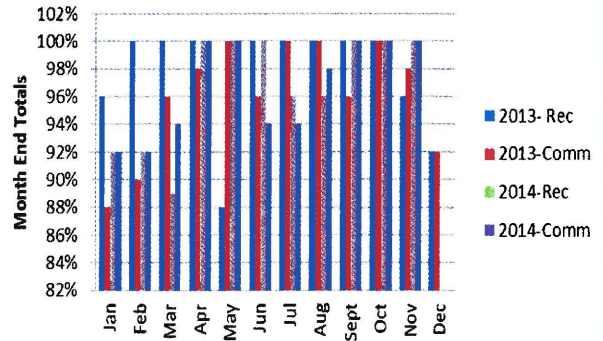
Mooring Occupancy 38 mooring available (Nov 14 - 39% occupied)



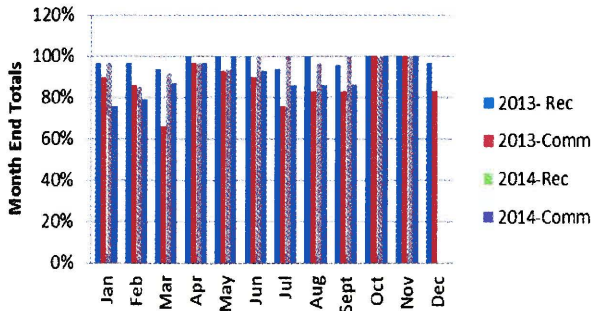
30 ft Slips (Total: 28 rec, 54 comm)



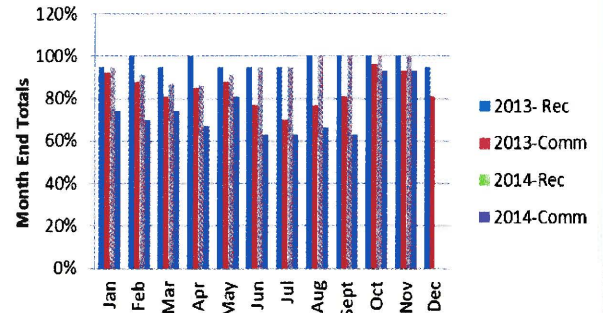
35 ft slips (Total: 26 rec, 48 comm)



40 ft Slips (Total: 34 rec, 29 comm)



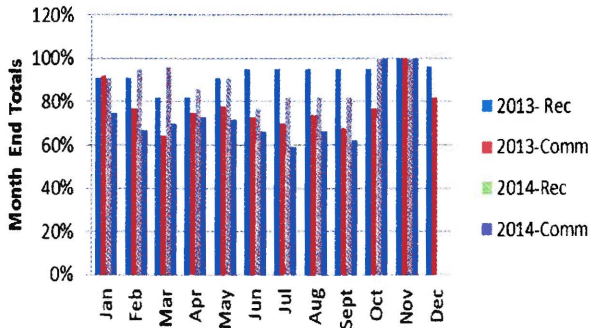
45 ft Slips (Total: 22 rec, 27 comm)



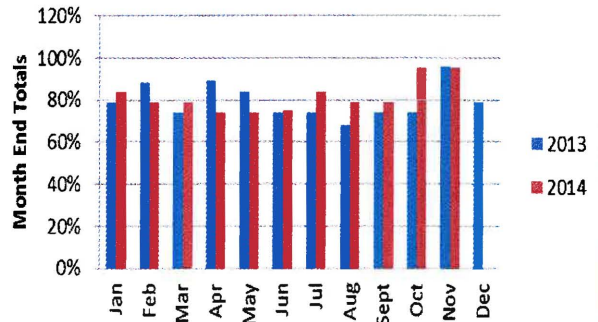
Pillar Point Harbor Dashboard

Monthly Marina Activity Report - November 2014

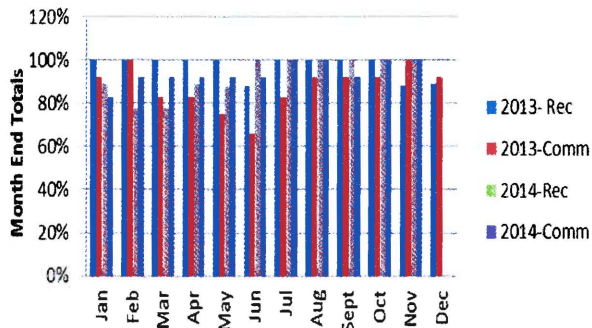
50 ft Slips (Total: 22 rec, 40 comm)



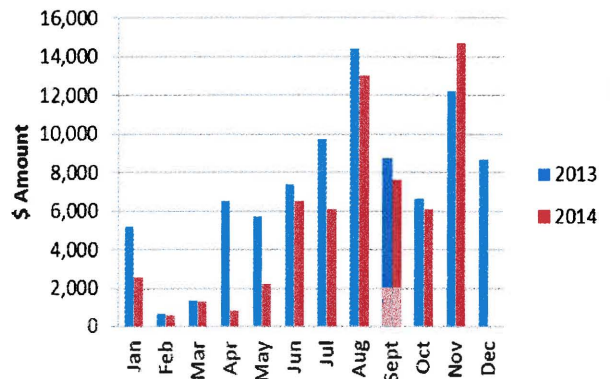
55 ft Slips (Totals: 19 comm)



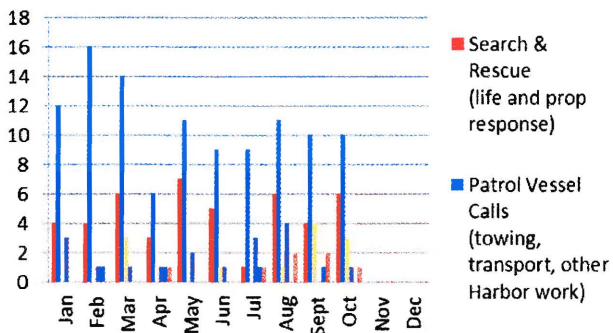
65 ft Slips (Totals: 9 rec, 12 comm)



Launch Ramp Totals



Call Outs (PPH Harbor Patrol - 2014)



PPH Commercial Fishing Activity

