

Exhibit A

San Mateo County Harbor District's Response to Circulation Draft Municipal Service Review and Sphere Update

Page	Quote from Draft Report	Comment																
3	Ferryboat service operated independently by the Water Emergency Transit Authority (WETA), which supplanted a number of berths, now operates to the East Bay from Oyster Point Marina.	<p>Even with a reduced number of slips, the Harbor District operates OPM efficiently. A comparison of Oyster Point Marina Berth-only revenues to <u>all</u> Coyote Point Marina revenues from business type activities demonstrates the Districts effective and efficient operation of Oyster Point Marina. The comparison with Coyote Point Marina is even more striking at Pillar Point Harbor. Data from FY 13/14 is as follows</p> <table border="1" data-bbox="705 516 1864 688"> <thead> <tr> <th>Facility</th> <th># of Berths</th> <th>Gross Annual Berth Revenues</th> <th>Berth Revenues Per Berth</th> </tr> </thead> <tbody> <tr> <td>PPH</td> <td>369</td> <td>\$1,644,761</td> <td>\$4,457/berth per year</td> </tr> <tr> <td>OPM</td> <td>455</td> <td>\$1,196,126</td> <td>\$2,628/berth per year</td> </tr> <tr> <td>CPM</td> <td>496</td> <td>\$ 977,000</td> <td>\$1,970/berth per year</td> </tr> </tbody> </table> <p>(CPM = Coyote Point Marina) *Note - the \$977,000 in gross marina revenues for CPM includes all revenues for the Marina (e.g., berths, rents and concessions), while PPH and OPM are strictly berth revenues and exclude other items.</p> <p>Response: A direct comparison of “per berth” revenues provides limited information about “efficiency” as the mix and size of berths differs between the two facilities, and OPM is limited in number of “live aboards”. In addition, revenue is not a direct indicator of efficiency, but rather, it reflects what the market can bear (assuming maximum rates are charged).</p>	Facility	# of Berths	Gross Annual Berth Revenues	Berth Revenues Per Berth	PPH	369	\$1,644,761	\$4,457/berth per year	OPM	455	\$1,196,126	\$2,628/berth per year	CPM	496	\$ 977,000	\$1,970/berth per year
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3	Ferryboat service operated independently by the Water Emergency Transit Authority (WETA), which supplanted a number of berths, now operates to the East Bay from Oyster Point Marina.	<p>Usage of WETA service to OPM is growing by leaps and bounds. The District is now an important part of the critically important regional public transportation system. The District gave up revenue-generating boat slips in order to provide this valuable service to those County residents who use the WETA ferry The Growth of Average daily passengers has gone from 161 boardings a day in the first year of service, to 333 the second year, to 405 in year three. (See Appendix A)</p> <p>Response: Comment noted. The MSR recognizes the benefit of the ferry system and acknowledges levels of annual ridership.</p>																

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3	...has hired an Interim General Manager with the goal of alleviating diminished staffing...	<p>The hire of the Interim General Manager has allowed the former Acting General Manager to focus on managing the harbors in his capacity as Harbor Master.</p> <p>Response: The Circulation Draft MSR has been revised to indicate this change and its benefit.</p>
8	Commercial Fishing Facilities	<p>That Pillar Point Harbor is the sixth highest earning harbor in the State is of course due in part to the dedicated efforts of local commercial fisherman. But this data point also speaks to the District's operational skills and efficiencies.</p> <p>Response: Comment noted. The Harbor's venue as in relationship to San Francisco and Monterey also contributes to this status.</p>
9	Emergency Services	<p>The Report acknowledges the District's crucial search and rescue services at Pillar Point Harbor. But the District provides similar services at Oyster Point Marina. From 2010 – through June 21, 2015 there were 75 rescues as follows: 2010- 20; 2011- 19, 2012- 7, 2013- 9, 2014- 12, 2015 (partial year) 8</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>
13	Buildings—Site improvements	<p>Sea level rise issues cannot be over emphasized, even at OPM where king tides already crest existing breakwaters.</p> <p>Response: Comment noted.</p>
13	Capital Improvement Program (CIP) at OPM	<p>Responsibility for road and parking lot maintenance at Oyster Point Marina is an issue that needs to be resolved under the JPA between the District and the City of South San Francisco. This issue becomes ever more important both for natural reasons related to the drought, but also for man-made reasons due to increasing use of the roads by the large buses that serve the WETA terminal.</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>

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13	Capital Improvement Program (CIP) at OPM "..restroom improvements at an estimated cost of \$560,000."	All but two of the restrooms at OPM have already been remodeled. In addition, a new public restroom facility will be installed in 2015 near the ferry terminal area funded by a grant from Genentech. Response: The Circulation Draft MSR has been revised accordingly.

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14	Earn Special District Leadership Certificates	<p>Commissioner Training/ Education History--*this may not reflect all trainings</p> <p><u>Roberto Bernardo</u></p> <ul style="list-style-type: none"> • Public Ethics Education AB1234 (2014 and 2015). Commissioner Bernardo is scheduled to take his sexual harassment training July 7. <p><u>Sabrina Brennan</u></p> <ul style="list-style-type: none"> • Open Ethical Leadership –AB1234: 2012, 2013 & 2014 • How to be an Effective Board Member: 2013 • Board’s Role in Human Resources: 2013 and 2015 (Module 4) • Setting Direction/ Community Leadership: (Module 1) 2013, (Module 2) 2015 • Public Service Ethics AB1234: 2014 • California Special Districts Association Special District Leadership Conference: 2014 • Board’s Role in Finance and Fiscal Accountability (Module 3): 2015 • Understanding Board & District Liability: 2015 • Special Legislative Days: 2015 • Anti Harassment/ Anti Bullying: 2015 • Spot the Fraud! Fraud Detection/Prevention: 2015 • Introduction to Special District Finances: 2015 • Governance Foundations (Module 1): 2015 • Special Districts Legislative Days:2015 <p><u>Nicole David</u></p> <ul style="list-style-type: none"> • Harassment Prevention and Training for California Supervisors: 2014 • Public Service Ethics: 2014 • California Special Districts Association Special District Leadership Conference: 2014 • Introduction to Special Districts: 2015 • Sexual Harassment 2015 <p><u>Tom Mattusch</u></p> <ul style="list-style-type: none"> • Public Ethics Education AB1234: 2014 • Special Districts Association Special District Leadership Conference: 2014 • Introduction to Special District Finances: 2015 • Best Practices in Strategic Planning: 2015 • Special Legislative Days 2015 • Sexual Harassment: 2015 <p><u>Pietro Parravano:</u></p> <ul style="list-style-type: none"> • Harassment Policy and Harassment Prevention Training: 2008 • Ethics Training –AB1234: 2008 • Public Ethics Education AB1234: 2011 • Public Ethics Education AB1234: 2012 • Public Ethics Education AB1234: 2014 <p>Response: The Circulation Draft MSR has been revised accordingly. Response: The Circulation Draft MSR has been revised accordingly. Response: The Circulation Draft MSR has been revised accordingly.</p>

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15	Committees	<p>The Oyster Point Marina Liaison Committee is a standing committee, not an advisory committee. In addition, as a result of Board action in 2015, the Board either established or reinvigorated, the following committees: Finance Committee; Beach Replenishment Committee; Water Quality and Public Safety Committee; Communications and Marketing Committee; Executive Search Committee; Strategic Planning Committee. These Committees have all been active for the first time in 2015.</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>
16	"No SMCHD reserve policies exist"...	<p>The District has a reserve policy adopted through Resolution 17-10 on June 30, 2010. The Policy could be improved and setting a more comprehensive reserve policy is on the District's list of priorities.</p> <p>Response: Comment noted. As indicated in the Circulation Draft MSR, the policy does not address specific reserve levels, allocations, or policies for use.</p>
16	"CIP is needed to guide capital planning, budgeting and implementation, no formal action has been taken"	<p>The District agrees that it should commit to a CIP for all the reasons mentioned in the Draft Report.</p> <p>Response: Comment noted.</p>
17	SMCHD Website	<p>Staff has a website RFP as an item for release in the latter half of 2015. District has also hired a Transparency Officer to assist increasing the utilization of the website in the short term.</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>
18	"The new address is 504 Avenue Alhambra, Third Floor, El Granada, CA 94018."	<p>Correct floor to "2nd floor" from "3rd floor"</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>

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18	"The SMCHD is in the process of moving..."	<p>The move is complete, although some minor configuration issues remain..</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>
19 (orga nizati onal chart)	Org chart	<p>The Organizational Chart is outdated in many respects as numerous individuals have left the District or retired. As continued staff positions continue to be filled on an interim basis, the District does not expect to update the Org Chart at least until a permanent General Manager is appointed, which is expected within the next three months. The District believes that the permanent General Manager should have the ability to organize District Staff in a manner that is most efficient and effective.</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>
21-23	Revenues	<p>The District is planning on examining rates to ensure that they are in line with other facilities. Rate increases are pending at both facilities for FY 2015/16. PPH is at 100% occupancy, indicating rates may be below market. That is not the case for OPM. Also important to note is that the District's berth occupancy rate at OPM would be higher if the District did not adhere to the legally prescribed cap on liveaboards of 10%.</p> <p>Also with regard to OPM, there has been a loss in the number of available berths in order to accommodate the WETA ferry terminal. Monies received from WETA were for loss of slip rentals through 2019.</p> <p>Response: Comment noted.</p>
22	"OPM occupancies typically range from 60 to 65 percent"	<p>In 2006 occupancy at OPM was 54%. It now averages 65%.</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>
26	In the FY15-16 Preliminary Budget, the SMCHD allocated approx. \$3.7 M towards termination benefits	<p>Nine employees are vested with these benefits, seven more are vested and drawing benefits, and seven current employees are not vested.</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>

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27	" . . . and other costs associated with operations and facilities specific to PPH and OPM."	Garbage collection costs at Pillar Point Harbor are more than twice the amount at OPM due to the location of the landfill costs and the waste stream from commercial fishing. Response: The Circulation Draft MSR has been revised accordingly.
27	Debt Service " The FY15-16 SMCHD budget includes only the interest portion of debt service payments The budget shows the total payment including principal and interest."	These two sentences contradict each other. Only the second of these two sentences is correct. Response: The Circulation Draft MSR has been revised accordingly.
29	"The projected \$5.9 million,..."	The projected "\$5.9 million" should be \$6.193 as stated just above the Total Response: The Circulation Draft MSR has been revised accordingly; the amounts have been updated to reflect the adopted budget.
32	Allocation of Assets and Liabilities "Remaining debt principal is entirely attributable to PPH"	It is by no means accurate to state that "remaining debt principal is entirely attributable to PPH." While District information conflicts with DBW documentation, it would be too time consuming to validate in time for this submission. Response: The Circulation Draft MSR has been revised to indicate that the SMCHD believes the information in the MSR, which was provided by DBAW to the District, does not reflect the allocation of remaining debt service.
35	3) Present and planned capacity of public facilities...	This section focuses exclusively on the District's marina facilities and does not mention the District's open-space/parks/trail facilities that it maintains at both locations. In particular, the District maintains the West Shoreline Access Trail near Pillar Point Marsh, which provides the only land based access to Pillar Point Beach (Mavericks Beach) and is an important access point for emergency responders. This non-enterprise activity is of high value to the public and to emergency responders. Response: Chapter 2 and other sections of the MSR address non-marina facilities and other non-enterprise activities.

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37	“The SMCD has taken a number of steps....”	<p>We are pleased that the Draft Report acknowledges District efforts. These efforts have accelerated since the issuance of the Grand Jury Report. Actions taken by the Board that are not referenced in the Draft Report include: (1) the District assumed a leadership role in a number of environmental issues critical to the County such as the Sand Replenishment effort at Surfer’s Beach, Bay Sand Mining issues before the Bay Conservation and Development Commission, and development of the Coastal Regional Sediment Management Plan; (2) Increased public involvement in a number of ways including holding a public tour of Johnson Pier with Commissioners, considered new wifi and social media programs, and increased public involvement in committee activities; and (3) Revised District policy regarding health insurance benefits for Commissioners—with cost savings to be achieved in the future as new Commissioners are elected.</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>
37	2. The SMCHD should engage a public accounting firm to review its budget accounts for both operations and capital improvements, and establish a financial accounting system consistent with best practices for California public agencies.	<p>The District has independent auditors issue financial statements annually. A Comprehensive Annual Financial Report (CAFR) has recently been added to the scope of the FY 14/15 Audit. Typically a CAFR will include Statements of net position, revenue and expenses for enterprise functions, although this will be difficult without the cost accounting which is being implemented for 15/16.</p> <p>Response: Comment noted.</p>
37	The SMCHD should assess its personnel needs...	<p>The Commission approved contracted augmentations on an interim basis to address staff resources at June 17 meeting. A high priority must be placed burdens of state mandated activities, such as compliance with Public Record Act requests, which has been a significant district administrative activity in the recent past. The commission also approved changes to the job description and title of one management position on that date. It is expected that a new GM to bring recommendations to the Board to improve staff organization.</p> <p>Response: Comment noted.</p>

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37	3. The SMCHD should consider administrative functions...	<p>The District agrees with this recommendation. Indeed, at the June 17, 2015 meeting, the District approved an expansion of the services provided the District by the JPA, Regional Government Services, for flexible professional administrative services on an “as needed” basis.</p> <p>Response: Comment noted.</p>
37	5) Status of, and opportunities for, shared facilities	<p>Outsourcing is under consideration for all IT Functions. This must be done with care as frequently costs are not reduced when outsourced.</p> <p>Response: Comment noted.</p>
38	Recommendation: 2.	<p>City of “San Francisco” should be “South San Francisco”</p> <p>Response: The Circulation Draft MSR has been revised accordingly.</p>
38	7) Any other matter related to effective or efficient service delivery, as required by commission policy.	<p>The Response letter addresses the recommendation regarding allocating revenues to particular cost centers. The District will begin have cost accounting in place to track enterprise and non-enterprise activities in Fiscal Year 2015 2016.</p> <p>Response: Comment noted.</p>

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Average growth daily passengers

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