



MEMORANDUM

TO: Board of Commissioners

FROM: Julie van Hoff, Business Manager
Heather Zacker, Accountant

DATE: June 23, 2015

SUBJECT: **Public Hearing - Fiscal Year 2015/16 Final Budget: Approve Final Budget; Adopt Resolution 15-09**

Recommendation / Proposed Motion

- Recommendation: Approve final budget for Fiscal Year 2015/16
- Motion: Adopt Resolution 15-09, Draft A or B, approving the final budget for Fiscal Year 2015/16

Policy Implications

District Policy 3020 and 3022 provide guidance for development of the annual budget.

District Policy 3022 establishes Fiscal Goals for the District.

Fiscal Implications / Budget Status

The District's annual budget is the main fiscal planning tool used throughout the year. The consolidated 2015/16 Final Budget shows a balanced budget. Funding of the major maintenance and capital projects uses \$262,000 of current year profit, anticipated grant funding of \$1,753,500 and \$370,200 in prior year specified reserves. The budget also places \$45,000 in specified reserves for the 2016 election.

Alternatives Considered

The following actions were considered, but are not recommended at this time:

- None at this time.

Discussion

The proposed 2015/16 Final Budget for Port San Luis Harbor District is presented for your consideration. This budget is a result of detailed analysis and forecasting techniques, which involved active participation of the Harbor Manager, Facilities Department, Harbor Patrol Department, Business Department, interested members of the community, and the Harbor Commissioners.

The first draft preliminary budget was presented to the Finance Committee, consisting of Commissioner Barrow and Commissioner Matakovich, on March 11, 2015, the

second draft was presented to the Harbor Commission on March 24, 2015, and the third draft was presented to the Harbor Commission on April 28, 2015 for adoption. On May 26, 2015, staff presented proposed changes to the 5-year projections in the adopted preliminary budget, and those changes were approved by the Harbor Commission.

The Finance Committee reviewed a draft of the final budget on June 11, 2015. The proposed final budget is a result of this conversation at this meeting.

Since the adoption of the preliminary budget, staff has received revised property tax revenue and RDA expense estimates from the County of San Luis Obispo (attachment 2). This information resulted in a net increase in revenues of \$62,100.

Staff requested that the Finance Committee discuss the potential uses for this increase in revenues. Potential uses of the funds include:

1. Funding the vacant Port Maintenance Worker 1 position (estimated at \$45,000, including elimination of 1 of 2 temporary positions).
2. Decreasing specified reserve usage on one or more of the capital projects, such as LCM Maintenance Reserve. The adopted preliminary budget currently utilizes \$272,200 in specified reserves to fund the projects.
3. Funding a maintenance or capital project that has been postponed until future years. Pages 62 and 63 identify projects expected to be funded over the next five years and page 44 of the draft final budget lists projects that have been deferred.
4. Paying down of District debt (i.e. Tax Revenue Anticipation Note (TRAN) with County).
5. Setting aside in a specified reserve account such as Other Post-Employment Benefits (OPEB).
6. Leaving the amount in operating reserves.
7. Other ideas as suggested by the Harbor Commission.

The Finance Committee recommended Option 1, with balance remaining to Option 4. These changes have been incorporated into the attached proposed final 2015/16 budget. The net effect is a \$62,100 increase in the "Salaries, Wages and Benefits" line item (\$45,000 for the funding of the Port Maintenance Worker 1 position and \$17,100 in additional payments towards the District's tax revenue anticipation note).

Additionally, staff has reviewed the budgeted capital projects for the 2014/15 fiscal year to determine whether or not these projects will be completed prior to June 30th. It is estimated that the following projects will not be completed prior to year end. Staff recommends placing the remaining 2014/15 budgeted funds into a reserve account to complete the project in the 2015/16 fiscal year.

- Energy Efficient Lighting: Budgeted at \$14,000
- Water Tank Coating: Budgeted at \$35,000, \$3,800 spent as of April 30, 2015, proposed carryover of \$20,000 for preparation of bid documents and estimate.
- Fire Systems: Budgeted at \$25,000
- Harbor Patrol Dock: Budgeted at \$39,000

The Finance Committee supported staff's recommendation regarding the above projects and this has been incorporated into the attached proposed final 2015/16 budget.

The chart below summarizes all of the 2015/16 changes between the adopted Preliminary Budget and the Final Budget.

Description of Change	Increase in Revenues	Increase in Expenditures
Increase property tax revenue per County estimates	\$ 81,300	\$ -
Increase RDA fees per County estimate	-	17,600
Increase budget contingency for increased revenues	-	1,600
Funding of vacant Port Maintenance Worker (PMW) position	-	45,000
Paydown of Tax Revenue Anticipation Note (TRAN)	-	17,100
Move Energy Efficient Lighting project from 14/15 Budget	-	14,000
Move Water Tank Coating project from 14/15 Budget	-	20,000
Move Fire System project from 14/15 Budget	-	25,000
Move Harbor Patrol Dock project from 14/15 Budget	-	39,000
Increase specified reserve funding for above projects	98,000	-
Increase in Revenues/Expenditures	\$ 179,300	\$ 179,300
Net Budgetary Effect	\$ -	\$ -

The Fish Cleaning Station Ad Hoc Committee, consisting of Commissioner Blecha and Commissioner Matakovich, met on June 16, 2015 and recommended that a Fish Cleaning Station project be added to the 2015/16 budget. The project would be 100% grant funded with an estimated amount of \$25,000. With Harbor Commission approval, staff will add this to the final adopted budget.

Staff has also incorporated the proposed budget transfers presented in Consent Item Q into the revised budget column for the 2014/15 fiscal year.

Total proposed final budget revenues of \$4,834,700 exceed total operating expenditures (not including major maintenance and capital project costs) of \$4,572,700 by \$262,000. Funding of the major maintenance and capital projects uses \$262,000 of current year profit, anticipated grant funding of \$1,753,500 and \$370,200 in prior year specified reserves. The budget also places \$45,000 in specified reserves for the 2016 election.

Staff recommends the approval and adoption of the Final Budget for fiscal year 2015/16 which has incorporated Finance Committee recommendations (Reso. 15-09, Draft A) as discussed above, and which may include an amendment (Reso. 15-09, Draft B) to include a \$25,000 grant funded Fish Cleaning Station.

- Attachment(s):
1. 2015/16 Final Budget (Proposed)
 2. County of San Luis Obispo Property Tax Estimates dated 5/20/15
 3. Resolution 15-09 (Draft A)
 4. Resolution 15-09 (Draft B-w/ \$25,000 grant funded Fish Cleaning Station)