



STAFF REPORT

TO: Board of Commissioners

FROM: Suzy Watkins, Harbor Director
Suzanne Aguirre, Business Manager
Diane Stevens, Accounting Supervisor

DATE: June 25, 2024

SUBJECT: **Public Hearing – Fiscal Year 2024/25 Final Budget; Approve Final Budget; Adopt Resolution 24-09**

Recommendation / Proposed Motion

- Recommendation: Approve Final Budget Fiscal Year 2024/25
- Motion: Adopt Resolution 24-09 approving the final budget for Fiscal Year 2024/25

Policy Implications

District Policy 3020 and 3022 provide guidance for development of the annual budget
District Policy 3022 establishes Fiscal Goals for the District

District Major Objective/Goal

Objective #1 – Sustain and enhance Harbor's finances
Objective #2 – Maintain and enhance a boater-friendly atmosphere
Objective #3 – Keep Harford Pier open and optimize use

Fiscal Implications / Budget Status

The District's annual budget is the main fiscal planning tool used throughout the year. This is a final of the 2024/25 budget, which uses \$1,060,763 of reserves to fund major maintenance, capital asset purchases, and capital improvements. The \$1,060,763 is a combination of operating reserves (monies that are not specified for a particular project) in the amount of \$812,475 and \$248,288 from specified reserves (monies that are reserved and can only be spent for a specific project or program).

Alternatives Considered

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

- None at this time.

Discussion

The proposed 2024/25 Final Budget for Port San Luis Harbor District is presented for your consideration.

On April 11, May 9, and May 28, 2024, the Harbor Commission participated in Workshops and the Harbor Commission Regular Board Meeting to review and discuss the proposed Major Maintenance and Capital Projects and Asset Replacement plan/projects. The Harbor Commission provided their input and feedback regarding the proposed projects. Based on the direction given by the Board, the staff was able to complete the Preliminary Budget.

The Harbor Commission adopted the Preliminary Budget on May 28, 2024.

For budget purposes, the District differentiates Specified Reserves (Assigned Reserves) from Operating Reserves (Unassigned Reserves). Specified Reserves are designated for a particular purpose per board action or by District Ordinance (LCM reserve). The final designation of reserves occurs in August following the year end and is equal to the actual available unused fund balance from the previous year.

When specified reserves are budgeted in a given year they are allocated between the general fund and enterprise fund based on how the future actual project expenditures are anticipated to be allocated. When actual expenditures are made, such expenditures may need to be allocated differently than the anticipated original allocation. The total reserve use does not change, and the use is consistent with the Board approval.

The Operating Reserve is not designated for a particular purpose. Per District policy, a minimum of \$1.3 million of the June 30, 2025, estimated Operating Reserves of \$2,623,648 should not be appropriated due to District cash flow needs. The remaining \$1,323,648 acts as the District's emergency reserve and may be used for such items as stabilization of District staffing during economic downturns and/or revenue stream losses and one-time unanticipated costs.

The Fiscal Goals Policy 3022 states, "Generate sufficient cash flow from operations and grants to fund capital improvements and infrastructure maintenance." As a basic guideline, the amount should be approximately equal to the capital asset depreciation expense. For fiscal year ended June 30, 2023, the depreciation expense was \$596,612. The 2024/25 draft Final Budget includes funding for \$1,847,000 in Capital Projects, and Capital Asset Purchases. If the District is successful in meeting budgeted projections, this goal will be met.

Staff recommends the Harbor Commission review and adopt the Final Budget for Fiscal Year 2024/25.

Attachment(s):

1. Resolution 24-09
2. Notice of Public Hearing to Adopt Final Budget