



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: September 19, 2014

Board Meeting Date: October 7, 2014

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: 2013-14 Grand Jury Response- What is the Price of Dysfunction? The San Mateo County Harbor District

RECOMMENDATION:

Approve the Board of Supervisor's response to the 2013-14 Grand Jury report titled: What is the Price of Dysfunction? The San Mateo County Harbor District.

BACKGROUND:

On July 9, 2014, the Grand Jury filed a report titled: What is the Price of Dysfunction? The San Mateo County Harbor District. The Board of Supervisors is required to submit comments on the findings and recommendations pertaining to the matters under control of the County of San Mateo within ninety days. The County's response to the report is due to the Hon. Dave Pine no later than October 7, 2014.

Acceptance of this report contributes to the Shared Vision 2025 outcome of a Collaborative Community by ensuring that all Grand Jury findings and recommendations are thoroughly reviewed by the appropriate County departments and that, when appropriate, process improvements are made to improve the quality and efficiency of services provided to the public and other agencies.

DISCUSSION:

Findings:

Grand Jury Finding Number 1. The Local Agency Formation Commission recommended dissolution of the Harbor District in 2006 with the County identified as the successor agency. The Grand Juries of 1990 and 1991 also recommended dissolution.

Response: Agree.

Grand Jury Finding Number 2. The District's financial reporting meets the Governmental Accounting Standards Board requirements.

Response: Agree.

Grand Jury Finding Number 3. Commissioners are not receiving timely and adequately detailed financial reporting to support fully informed decisions.

Response: Disagree partially with the finding. The Board of Supervisors does not have enough information to draw a conclusion on whether this finding is true or not. Therefore, the Board of Supervisors cannot agree with this finding.

Grand Jury Finding Number 4. Committees, both standing and ad hoc, are not consistently formed nor do they meet with any regularity.

Response: Disagree partially with the finding. The Board of Supervisors does not have enough information to draw a conclusion on whether this finding is true or not. Therefore, the Board of Supervisors cannot agree with this finding.

Grand Jury Finding Number 5. Potential successor agencies exist which could reasonably assume all or some of the District's current responsibilities.

Response: Agree.

Grand Jury Finding Number 6. The District consistently requires tax dollars to offset operating losses.

Response: Agree.

Grand Jury Finding Number 7. Operating losses for the last five fiscal years are approximately \$18.3 million.

Response: Disagree partially with the finding. The Board of Supervisors does not have enough information to draw a conclusion on whether this finding is true or not. Therefore, the Board of Supervisors cannot agree with this finding.

Grand Jury Finding Number 8. The District holds long-term assets that have not been revenue producing.

Response: Agree.

Grand Jury Finding Number 9. At least 10 separate cities, towns, and special districts within the County have applied for detachment from the Harbor District.

Response: Agree.

Grand Jury Finding Number 10. The District infrequently performs lease analyses and price/rate benchmarking.

Response: Agree.

Grand Jury Finding Number 11. The District has been operating on the 23-year old Pillar Point Harbor master plan.

Response: Disagree partially with the finding. The Board of Supervisors does not have enough information to draw a conclusion on whether this finding is true or not. Therefore, the Board of Supervisors cannot agree with this finding.

Grand Jury Finding Number 12. The Santa Cruz Port District successfully weaned itself from the use of any property tax revenues while continuing to provide non-enterprise services and balancing its budget.

Response: Agree.

Recommendations:

The Grand Jury recommends to the County Board of Supervisors that:

- 1. The County Board of Supervisors will begin the process of dissolution of the Harbor District by December 31, 2014.**

Response: The recommendation will need further analysis once the Local Agency Formation Commission has completed their municipal service review, which is a necessary precursor to the process of dissolution.

FISCAL IMPACT:

There is no Net County Cost associated with accepting this report.