

July 7, 2015

Martha Poyatos, Executive Director  
San Mateo County Local Agency Formation Commission  
455 County Center, 2<sup>nd</sup> Floor  
Redwood City, CA 94063

Dear Ms. Poyatos,

The County of San Mateo has received and reviewed the Circulation Draft Municipal Service Review for the San Mateo County Harbor District dated May 29, 2015. This letter includes our general comments on the report. Please note that the County will not be commenting on the dissolution of the District unless LAFCo formally adopts a recommendation to that effect.

The County concurs with the recommendations in Section 5 of the report. We have specific concerns about the lack of linkage between the capital improvements recommended in the strategic plan and the capital projects funded in the District budget. We also support engaging an outside public accounting firm to review the District operations and capital budgets and support separation of the enterprise and non-enterprise budget functions.

After LAFCo completes the Municipal Service Review and Sphere update for the District, the Commission could recommend that the District be dissolved. If that happens, and the County decides to follow-up on the Grand Jury recommendation that the County initiate an application to dissolve the District, the County would undertake a comprehensive analysis of all aspects of the District. Our analysis would include, but not be limited to, deferred maintenance, debts, Calpers liability, finances, operations and staffing structure, and the Oyster Point marina joint powers agreement with the City of South San Francisco. The analysis would include input from the City of South San Francisco. The analysis would need to be completed and discussed at a public meeting prior to the Board of Supervisors considering action to initiate proceedings to dissolve the District.

Sincerely,



JOHN L. MALTBIE  
County Manager / Clerk of the Board

