

PORT SAN LUIS HARBOR DISTRICT POLICY HANDBOOK

POLICY TITLE: Budget Preparation
POLICY NUMBER: 3020
Originally Adopted: February 24, 2009
Reconfirmed: March 29, 2011, February 25, 2014, April 26, 2022

3020.10 The Accounting Department Harbor Manager shall prepare an annual budget proposal with the direction of the Harbor Director and assistance by the Department Managers. Heads.

3020.20 The 1st draft of the proposed budget shall be reviewed by the Board at a budget workshop ~~its regular meeting beginning in April~~ March of each year.

3020.30 The Preliminary Budget shall be adopted by the Board of Commissioners prior to June 15th of each year in accordance with Harbors and Navigation Code paragraph 6093.

3020.40 The Board amendment to the Preliminary Budget shall be incorporated into the draft Annual Budget.

3020.4050 The ~~proposed~~ draft ~~annual~~ Annual budget ~~Budget~~ as amended by the Board during its review shall be adopted at its regular meeting before June 30th of each year.

3020.5060 The Harbor District is encouraged to follow the procedures and guidelines as shown on Exhibit A on the following page, which may be amended during the budget review cycle.

PORT SAN LUIS HARBOR DISTRICT
BUDGET PROCEDURES AND GUIDELINES

Exhibit A

PROCEDURES

1. In February the Board of Commissioners reaffirms these procedures and policies by adoption for next fiscal year's budget (beginning on July 1st of each year). Overall review and presentation of the current year's budget performance shall take place at this time. Commission will set overall goals and priorities for the Harbor District with emphasis on the major maintenance, capital projects and capital asset purchasing budgets. ~~capital and special project budgets.~~
- ~~2. In March the Board of Commissioners reviews the first draft of next year's budget.~~
- ~~3.~~2. In ~~April~~May the Board of Commissioners adopts the **Preliminary** Budget for the next Fiscal Year. After adoption of the Preliminary Budget, a public notice shall be published pursuant to Section 6061 of the Government Code stating the adoption of the Preliminary Budget (Harbor and Navigation Code 6093 et seq.).
- ~~4.~~3. In ~~May~~, June the Board of Commissioners will hear staff and public input on the adopted Preliminary Budget.
- ~~5.~~4. In June, the Board of Commissioners adopts the **Final** Budget for next Fiscal Year. Members of the public will be heard regarding their input into the setting of the final Budget.
- ~~6.~~5. The Final Budget shall be reported to the San Luis Obispo County Board of Supervisors, County Auditor Controller, Secretary to the Board of Supervisors and the Chief Administrative Officer of the County before July 31st of each year (Harbor and Navigation Code 6093).

GUIDELINES

1. **Tax Revenues:** Account for all property tax revenue to support general fund activities. Continue with the District's accounting function of splitting the Port into two separate entities; one entity is enterprise, fee for service, operations and property (lease/license), and the other entity is general fund tax funded services. Commission approval is required to transfer (loan) tax revenues to the enterprise fund to balance the budget.
2. **Interest Income:** Interest income will be allocated to each fund based on the average investment balance in each fund.
3. **Augment Specified Reserves:** Annually budget funds to augment reserve levels for capital projects, capital equipment purchases, smoothing reserves (i.e. election cost funding), and other post employment benefits (OPEB).
4. **Operating Reserve Level:** Maintain an operating reserve level of at least \$1,300,000 to

ensure sufficient cash flow needs are met. Annually augment operating reserve levels to reach a goal of 50% of expenditures (excluding capital outlay) by ~~2018/19~~ fiscal year end.

5. **Discretionary Services/Facilities**: No new services or facilities will be undertaken unless they are self-supporting, are funded outside of the budget, or the Board of Commissioners determines the new service or facility is a high priority with District wide benefits and identifies and eliminates a lower priority item.
6. **Fee Increases**: Increase fees to offset costs, where reasonable and where all cost savings options have been explored, before reducing service levels. All revenue producing facilities/functions at the District will strive to operate on a cost plus concept. District staff shall research fee increases with comparisons and recommendations to reduce expenses.
7. **Privatization**: Encourage and support the delivery of services throughout the Port by the private sector to reduce expense, increase net revenues and be more flexible to the public's needs.
8. **Position Allocation**: Consider new positions only if the cost of the new position is of a general fund function (offset by tax funding), generates sufficient revenue to cover its cost, or is necessary to carry out Board policy or new Board adopted programs.
9. **Contingency Funds**: Dedicate 1.75% of general and enterprise fund revenues into budget contingency accounts spread-out to all major expense categories. Additionally place 2% of revenues into an overall budget contingency line item used by the Harbor Commission for unusual budget circumstances or emergencies.
10. **Priority for Funding Projects**: Careful review and approval of ~~major maintenance special projects~~ and capital projects based upon their cost and District wide significance. Projects shall meet a majority of these criteria to be considered in the budget process. The following criteria will be used when deciding upon capital and ~~major maintenance special projects~~:
 - The project's ability to increase District revenue.
 - The availability of total or partial grant funding for the proposed project.
 - The amount of required maintenance that will be necessary when the project is complete.
 - The availability of staff and funding to support project management and construction.
 - The inclusion of deadlines or mandates by other agencies concerning the project.
 - The coastal dependency of the project.
 - If the project has not been completed, the possibility of being completed during the next fiscal year.
 - The economic feasibility of the project.
 - The project is critical to address identified public safety issues.
 - The project provides remediation of environmental impacts, hazards or degradation.