



MEMORANDUM

TO: Board of Commissioners

FROM: Steve McGrath, Harbor Manager
Patrick O'Reilly, Business Manager
Phil Sexton, Treasurer

DATE: June 22, 2010

SUBJECT: **Public Hearing to Consider Adoption of the Fiscal Year 2010-11 Final Budget and to Consider Amending Chapter 4 (Fees, Tariffs and Other Charges) of the District Code of Ordinances**

Recommendation / Proposed Motion

- Recommendation: After staff presentation, a Public Hearing, and Board discussion; approve the following motions.
- Motion to adopt Resolution #10-09 Approving the Fiscal Year 2010-11 Operating and Capital Projects Budgets.
- Motion to approve the revised Fees, Tariffs and Other Charges in Ordinance Chapter 4 attached hereto.

Policy Implications

District Policy 3020 provides guidance for development of the annual budget.

District Policy 3022 establishes Fiscal Goals for the District.

Fiscal Implications / Budget Status

At its April meeting, the Commission approved the Preliminary Operating and Capital Projects Budgets for Fiscal Year 2010-11. The adopted Preliminary Operating Budget is a balanced budget with expenditures equaling revenues. The adopted Capital Projects Budget includes the use of \$5,000 of grant funds, \$199,500 of Specified Reserves and \$52,500 of Unencumbered Reserves.

Alternatives Considered

- None at this time.

Discussion

After the Preliminary Operating and Capital Projects Budgets were adopted on April 27, 2010, public notices were published announcing that public input on the budget would

be received by the Commission at its regularly scheduled meeting in May and at a public hearing on June 22, 2010.

The Commission received public input concerning the Preliminary Budget at its meetings on April 27th and May 25th, 2010. Staff has made some minor modifications to the proposed final budget to incorporate the direction provided by the Commission at its meetings in April and May. The Final 2010-11 Operating and Capital Projects Budgets being recommended by staff are provided as Attachments A and B.

The Commission requested clarification concerning why Pier License revenue decreased from a budget of \$12,109 in Fiscal Year 2009-10 to a budget of \$7,000 in Fiscal Year 2010-11. The primary reason for the decrease is that revenue from Avila Bait & Tackle (\$4,000) was moved from this account to Leases – Piers. Avila Bait & Tackle is a lease that had previously been incorrectly reported as a license. Staff also projects slight decreases in revenues from BJ Enterprises and Mello Boy Live Bait.

It should be noted that the wages shown in staffing costs include cell phone allowances in addition to salaries.

The RV camping fees in District Ordinance Chapter 4 have been changed as directed by the Commission on May 25th. The rates now show a nightly camping fee of \$55 for the Coastal Gateway area, \$45 for the Babe Lane area and \$35 for unimproved camping areas. These fees represent a 38% increase for Coastal Gateway (previously \$40), a 25% increase for Babe Lane (previously \$40) and a 40% increase for unimproved camping (previously \$25). As directed by the Commission, staff has surveyed rates and amenities at other local RV campgrounds. A copy of the information obtained for the various campgrounds is provided as Attachment C. The rates and amenities at other campgrounds vary so widely, it is impractical to make simple comparisons. For instance, Pismo Coast Village RV Resort has rates which are similar to those suggested for Port San Luis for next year; however, they have different rates for week days and weekends as well as “prime” seasons and “off” season. If the District adopts the rates suggested at the last Commission meeting, the District will be near the top of the rate scale as the following table demonstrates. The rates shown are what campers would pay if they checked into a campground today (June 22, 2010).

| <u>Campground</u> | <u>Daily Rate Sites With Utility Hookups</u> | <u>Daily Rate Sites Without Utility Hookups</u> |
|---------------------|------------------------------------------------------|---------------------------------------------------------|
| Pismo Coast Village | \$56 | none |
| Port San Luis | \$55 / \$45 | \$ 35 |
| Pismo Sands RV | \$47 | none |
| La Sage Riviera | \$42 | none |
| Morro Dunes RV | \$42 | none |
| Holiday RV Park | \$34 | none |
| SLO County Parks | \$30 | \$23 |
| Oceano Dunes | none | \$10 |

Staff believes that the substantial increase in rates represented above will reduce use of camping areas except on extremely busy weekends and will result in less total revenue during the year than more moderate rate increases. It should also be noted that the

sites without utility hookups are very heavily used by local residents and the substantial increase in the rent for those sites will have a significant impact on those residents. Staff recommends that RV camping rates be established as \$50 for Coastal Gateway camping, \$45 for Babe Lane camping and \$30 for all other parking.

Staff also believes that camping utilization will drop off during slow periods unless there is a provision for reduced rates in the "off" seasons. Therefore, a provision has been added to Ordinance Chapter 4 under Land Use Fees that the Harbor Manager may temporarily reduce land use fees based on existing use conditions.

In the General and Administrative area, the budget for Consultants has been divided to reflect expenses for Legislative Advocacy separately. Those expenses represent almost fifty percent of the proposed budget for Consultants. The \$30,700 that remains in the Consultants line of the budget includes:

- \$7,300 for computer support;
- \$2,400 for lighthouse custodianship;
- \$7,500 for development of a sewer system maintenance plan;
- \$3,500 for membership in a local human resource consortium; and
- \$10,000 for other expenses which this year have included crane analysis; harbor terrace development; vessel recovery, coastal gateway support and grand jury response.

On May 25th, the Commission directed staff to develop options to allow boaters to camp in spots one through twelve of the Coastal Gateway camping area and to develop a policy requiring Commission approval of consultant expenditures over a specified dollar amount except in exigent circumstances. Staff is still developing proposed changes for inclusion in an upcoming Board meeting.

Staff is developing a methodology to identify how tax funds and RV camping revenue are expended to support District operations. In addition to tax dollars, the budget this year projects that RV camping will provide \$361,618 in support to other District functions and those revenues are included in this analysis. Attachment D, entitled "PSLHD Tax Dollar Use FY 2010-11 Budget", demonstrates where tax dollars and RV camping revenue is allocated in the proposed budget if overhead costs are not allocated to functional areas. Further work is needed to continue to refine the amounts shown on these attachments but in their current format, they can be used to get a general feel for where tax dollars and RV revenue is being expended.

Port San Luis Harbor District Ordinance Chapter 4 requires that the fees in Chapter 4 be increased each year by the increase in the Consumer Price Index for the greater Los Angeles Metropolitan Area. That index increased by 1.8% from January 2009 through January 2010. A revised Chapter 4 including rates increased by 1.8% is provided as Attachment E. The revised Chapter 4 also includes a section establishing Handicap Parking spaces as having no charge for qualified people (paragraph 4.500 L), eliminates the requirement for certified mail for notification of overdue accounts (paragraph 4.420(c) 2); deletes the 40% fee for reactivating an account cleared through a collections agency; changes the language in paragraph 4.420(c8) to reference paragraph 4.500; and decreases the sewer dump fee from \$30 to \$20 (paragraph 4.500I). The proposed Chapter 4 also has a new section which includes separate fees for commercial fishermen (paragraph 4.525).

Conclusion

The Final Operating Budget proposed by staff for Fiscal Year 2010-11 is a balanced budget having projected expenditures equaling projected revenues. The budget remains balanced even after the changes recommended in this staff report.

The Final Capital Projects Budget proposed by staff includes \$5,000 in grant funding, \$199,500 in funding from specified reserves and \$52,500 in funding from unencumbered reserves.

- Attachment(s):
- A. PSLHD FY 2010-11 Operating Budget
 - B. PSLHD FY 2010-11 Capital Projects Budget
 - C. RV Camping Survey Results
 - D. PSLHD Tax Dollar Use FY 2010-11 Budget
 - E. Revised Ordinance Chapter 4
 - F. Resolution No. 10-09 Adopting a Final Budget for the Fiscal Year 2010-11