APPENDIX B

lisa wise consulting, inc.

SAN MATEO COUNTY HARBOR DISTRICT
STRATEGIC BUSINESS PLAN
FINANCIAL CONDITIONS ASSESSMENT
DRAFT – DECEMBER 2014

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1. INTRODUCTION

The San Mateo County Harbor District (SMCHD/District) was established in 1933 and reactivated in 1948. The District operates two facilities: Pillar Point Harbor and Oyster Point Marina Park. The 369-berth Pillar Point Harbor on Half Moon Bay supports recreational boating and commercial and recreational fishing. Facilities at Pillar Point and Oyster Point were primarily financed by debt issued from the Department of Boating and Waterways (DBW). Pillar Point Harbor is located on the coast, approximately 20 miles south of San Francisco and Oyster Point Marina Park is located in the City of South San Francisco, on San Francisco Bay.

On the coast, Pillar Point Harbor boasts an inner and outer breakwater as well as being situated Half Moon Bay in the lee of wind and swell from the north, making it extremely well protected. The Pillar Point facility encompasses a harbor office, restrooms, parking lots, restaurants, fresh fish retail, surf shop, fishing tackle shop, kayak and stand-up paddleboard rental, six-lane boat launch ramp, 18,000 square foot pier (Romeo Pier) that has been decommissioned and the site of one of the most vibrant off the boat seafood sales markets on the Coast. The Harbor District encompasses the trail to and viewing areas for Mavericks, one of the world's top big wave venues and site of the Maverick's Big Wave Invitational surf contest. Pillar Point Harbor is also home to one of California's top-performing commercial fishing fleets that generates an average of approximately $6.5 million at the dock each year, and over $183 million since 1990, as well as a vibrant Commercial Passenger Fishing Vessel (CPFV) fleet that provides ocean access to thousands of recreational anglers annually.

> AT&T Park in San Francisco hosts live broadcasts of the Mavericks Big Wave Invitational on its giant (110 foot wide) video display.

> CPFVs are boat, skipper and crew for hire and give recreational fishermen access to experienced professional skippers, and crew and ocean fishing grounds. Pillar Point Harbor has a long history of CPFV operators dating back to the 1950s (Scofield, 1954).

On the Bayside, Oyster Point Marina Park, a 428-berth recreational facility in the City of South San Francisco, includes a Water Emergency Transportation Authority (WETA) Ferry Terminal that provides service to Oakland, the District office, boat launch ramp, pedestrian and bike trail, picnic areas, hotel, restaurant, fuel dock, bait shop, yacht club, marine services, and dry storage. The SMCHD has operational control of Oyster Point through a joint powers agreement with South San Francisco that expires in 2026. City development plans are in place for a mixed-use office park (Shorenstein Company as developer) in Oyster Point, which has gone through a successful EIR process.

In 2014, the District commissioned a Strategic Business Plan (SBP/Plan) to align its resources for maintaining and improving its harbor facilities and other operational concerns over the next several years. These include but are not limited to: (a) identification of adaptive measures to sea level rise impacts; (b) achieving cost saving benefits from advance planning to reduce fluctuations in needed investment; and (c) diversifying and augmenting revenue streams to reduce reliance on property tax revenues. A key component of the Strategic Plan is the Financial Conditions Assessment, which is a comprehensive assessment of the District's financial conditions and is intended to guide the research and recommendations set forth in the SBP.

The Financial Conditions Assessment draws from primary and secondary data sources including: existing SMCHD reports, U.S. Bureau of Labor Statistics, discussions with SMCHD staff, site visits, meetings and public workshops held at Pillar Point Harbor and Oyster Point Marina Park on October 14, 2014, and December 1, 2014, and dozens of personal interviews with stakeholders. The Assessment covers the current financial conditions of the District; the economic context in which the District operates and the fiscal implications on revenue, expenditures and potential debt retirement; and the economic impacts of the District on the local and regional economy.

2. Statewide Industry Trends

Boasting over 1,100 miles of coastline, California is home to a bustling marine dependent economic sector. The thousands of recreational and commercial vessels that travel and work in California coastal waters are supported by a vast network of related businesses and physical infrastructure. According to the U.S. Bureau of Labor Statistics (BLS, NOAA Coastal Services Center), there were 126 ship and boat building and repair establishments located in California coastal counties in 2011. These businesses were estimated to be responsible for 7,800 jobs and over $413 million in wages. The boatyard industry alone represents a market sector that was valued at nearly $670 million. Commercial fishing earnings in the State have doubled in the last five years from $130 million to $260 million, and the Commercial Passenger Fishing Vessel industry generated over 5 million trips in 2013, one of the highest performances in the last ten years. The number of boat dealers in the State is down but wages ($30 million) and GDP ($50 million) generated by marinas has been stable (between 2005 and 2011, the most recent data available from the Bureau of Labor Statistics).

The purpose of this Section is to characterize statewide economic conditions and market trends in the marine and marina services industries to inform decision makers in the Harbor District on revenue enhancement and cost reduction strategies that could contribute to sustainability and efficiency of SMCHD finances and operations. Those industries are Commercial Fishing, Recreational Fishing, Marinas, and related industries of Boat Building and Repair, and Boat Dealers. The Section concludes with a discussion of working waterfront best practices put forth by the National Working Waterfronts and Waterways Symposium (NWWWS). A detailed analysis of the commercial fishing industry in Pillar Point can be found in the Pillar Point Harbor Fishing Community Sustainability Plan, Appendix C of the Strategic Business Plan.

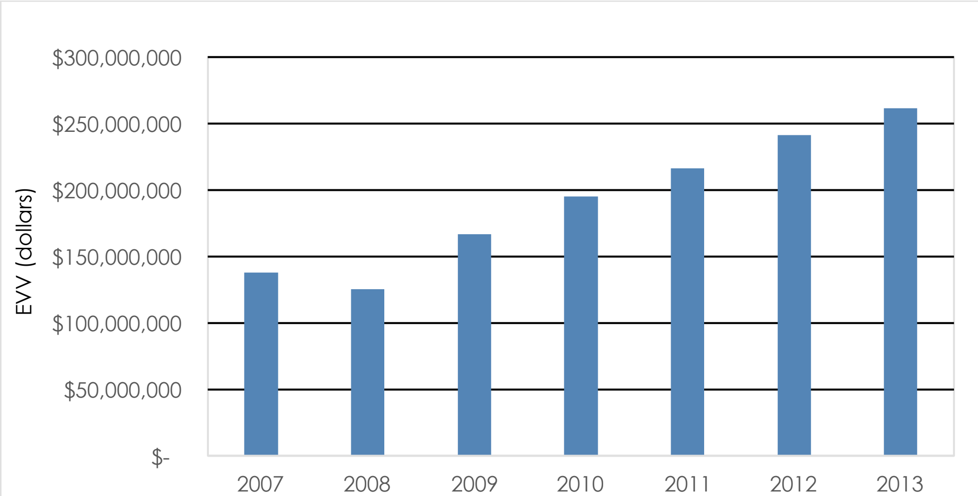
> The NWWWS is a clearinghouse for information, data, and tools that individuals, communities, and governments at all levels can use to develop, inform, and enhance their sustainable working waterfront initiatives.

Both positive and negative trends are present in the following data and figures, indicating opportunities as well as potential impacts to consider when assessing the Districts overall financial health. The District’s finances, local and regional economy have also been affected by the recent recession and the findings should be viewed in that context.

2.1 Trends in Commercial Fishing Activity

An important component of SMCHD operations is the commercial fishing industry. From a statewide perspective, earnings at the dock in the California commercial fishing industry, a key indicator of economic performance, have almost doubled from $130 million in 2007 to $260 million in 2013.

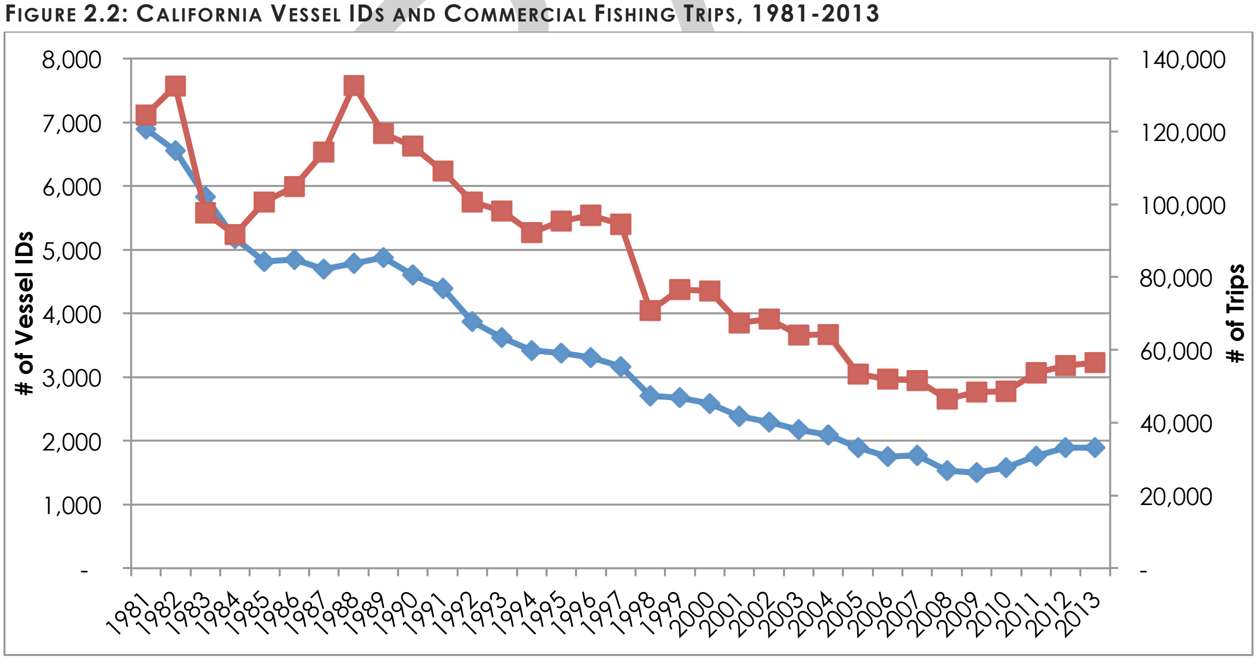
Figure 2.1: California Annual Total Adjusted EVV, 2007-2013



Source: CDFW

While earnings have increased substantially since 2007, the statewide trend in other performance measures like the number of fishing vessels, fish tickets, and overall commercial trips has been of general decline, though a modest rebound has occurred in the last five years. Generally, and while commercial fishing is cyclical and unpredictable, the fact that vessels and trips have declined faster than earnings, and that earnings have are trending upwards indicates that activity has consolidated to fewer boats and earnings appear to be stabilizing.

Figure 2.2: California Vessel IDs and Commercial Fishing Trips, 1981-2013



Source: CDFW

2.2 Trends in Recreational Fishing Activity

When the purchase of durable goods is considered, the recreational fishing industry generates nearly $2 billion in revenue in the State of California.

The recreational fishing and the Commercial Passenger Fishing Vessel (CPFV) industries generate jobs and income and provide coastal access to millions of Californians and visitors. There are several CPFV operations, and whale watching businesses in Pillar Point Harbor that conduct thousands of trips each year in an industry that appears to be stable and growing.

The State's recreational angler fishing trips topped 3.8 million in 2011 and for-hire fishing trip expenditures totaled $122 million. Private recreational fishing boat trip expenditures totaled $78 million. Spending on recreational fishing-related durable goods purchased in California totaled nearly $535 million. Marine recreational fishing in California contributed 10 thousand jobs to the State's economy, generated $1.4 billion in output (sales), $844 million to the state's gross domestic product, and $526 million in income. Trip expenditures generated approximately 4.1 thousand jobs and durable expenses generated 6 thousand jobs. See figure 2.3 below.

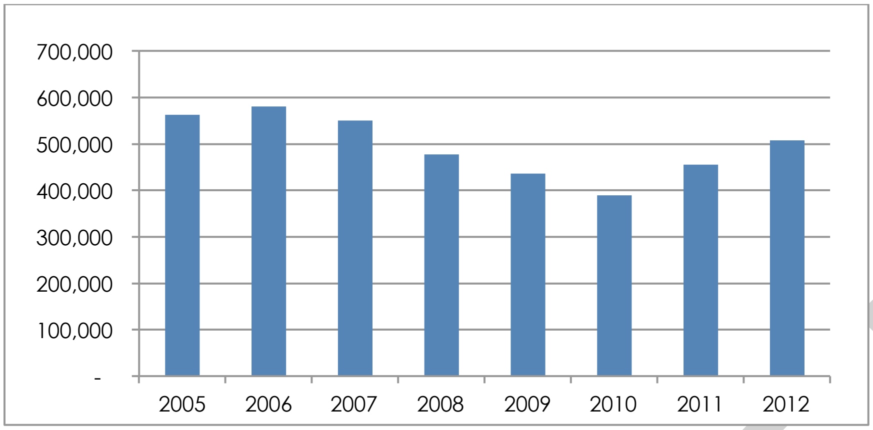
Recreational fishing trips are an indicator of the vibrancy of activity in the industry. According to the Department of Fish and Wildlife, recreational fishing trips have remained relatively stable at approximately 5 million per year despite a dip between 2007 and 2011 and slight increases in 2012 and 2013.

Figure 2.3: California Recreational Fishing Trips, in Thousands, 2004-2013

Source: CDFW

The number of participants who engage in recreational fishing on a CPFV or "for hire" fishing vessel has dropped since 2005, but has seen some gains in 2011 and 2012.

FIGURE 2.4: CALIFORNIA CPFV REGISTERED CPFV ANGLERS 2005-2012



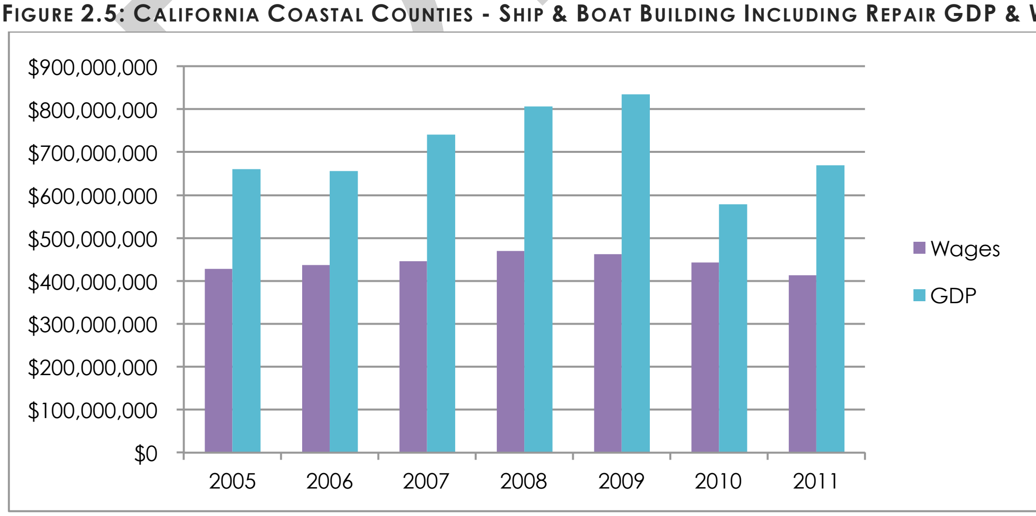
SOURCE: CDFW

2.3 TRENDS IN BOAT BUILDING AND REPAIR

Ship and boat building and repair are unique and valuable industries that generate employment and spending and play a foundational role in the California maritime economy. Data from NOAA's National Ocean Watch database for the 19 coastal counties in California provides a high-level overview of industry trends in terms of GDP and wages.

Between 2005 and 2011 (the most recent data available) the amount of goods and services rendered from ship/boat building and repair (referred to as GDP) in California coastal counties 2009 has remained relatively stable, as have wages. However after peaking in 2009, both GDP and wages saw a modest dip in 2010, but GDP rebounded in 2011. In 2011, the ship and boat building and repair industry in California was valued at approximately $670 million and generated over $400 million in wages.

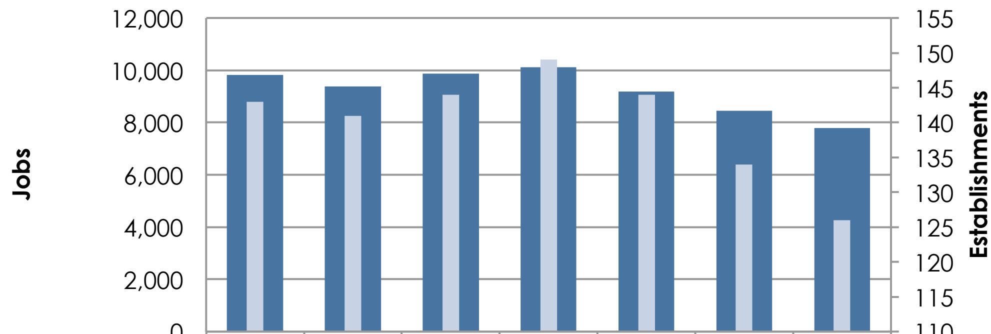
FIGURE 2.5: CALIFORNIA COASTAL COUNTIES - SHIP & BOAT BUILDING INCLUDING REPAIR GDP & WAGES



SOURCE: BLS DATA, ACCESSED FROM ENOW (NOAA COASTAL SERVICES CENTER)

Between 2005 and 2011, employment at ship and boat building and repair establishments in California dropped by approximately 25% from just under 10,000 jobs to fewer than 8,000. During that time, the number of establishments also dropped from approximately 143 to 126, a 14.5% decrease.

FIGURE 2.6: CALIFORNIA COASTAL COUNTIES - SHIP & BOAT BUILDING (INCLUDING REPAIR) JOBS & ESTABLISHMENTS



	2005	2006	2007	2008	2009	2010	2011
Employment	9,824	9,393	9,885	10,127	9,184	8,451	7,794
Estab.	143	141	144	149	144	134	126

SOURCE: BLS DATA, ACCESSED FROM ENOW (NOAA COASTAL SERVICES CENTER)

2.4 TRENDS IN THE BOAT DEALERS INDUSTRY

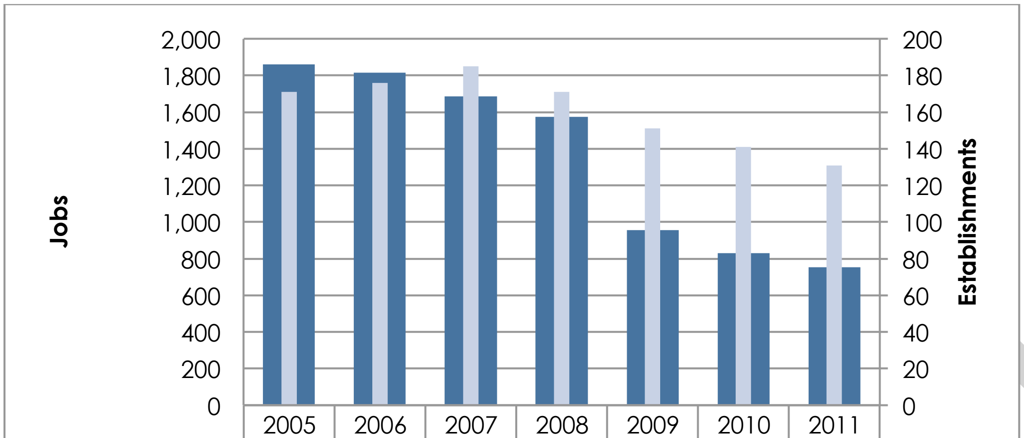
Another marine dependent business and indicator of marine related economic activity are boat dealers. As shown below, in the 19 California Coastal counties, wages and GDP have declined consistently between 2005 and 2011.

FIGURE 2.7: CALIFORNIA COASTAL COUNTIES – BOAT DEALERS GDP & WAGES

SOURCE: BLS DATA, ACCESSED FROM ENOW (NOAA COASTAL SERVICES CENTER)

Employment at boat dealers has declined as have the number of establishments, but at a slower rate.

FIGURE 2.8: CALIFORNIA COASTAL COUNTIES – JOBS & ESTABLISHMENTS



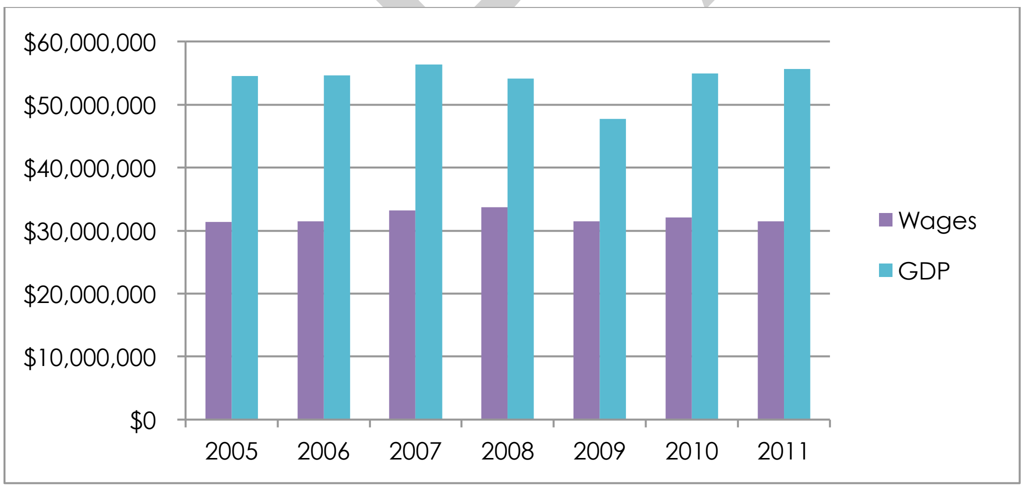
	2005	2006	2007	2008	2009	2010	2011
Employment	1,860	1,814	1,686	1,576	955	830	753
Estab.	171	176	185	171	151	141	131

SOURCE: BLS DATA, ACCESSED FROM ENOW (NOAA COASTAL SERVICES CENTER)

2.5 MARINA TRENDS

Marinas are a basic marine dependent use and represent demand for marine-related services. Marinas (public and private) in the 19 Coastal Counties in California contribute over $50 million annually to the State's economy.

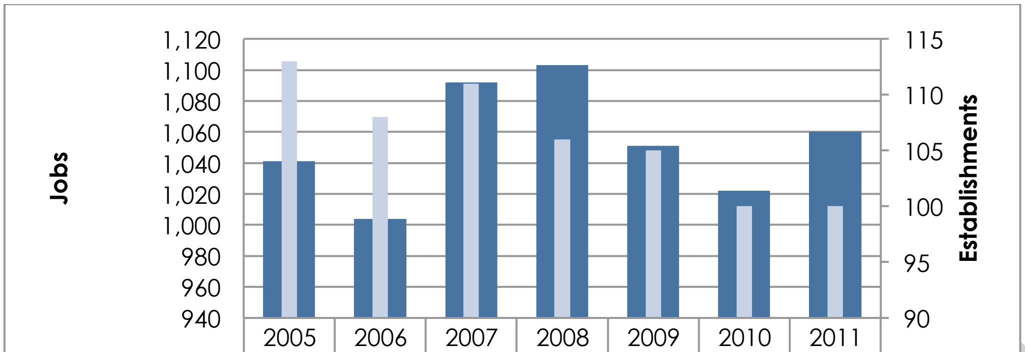
FIGURE 2.9: CALIFORNIA COASTAL COUNTIES – MARINAS GDP & WAGES



SOURCE: BLS DATA, ACCESSED FROM ENOW (NOAA COASTAL SERVICES CENTER)

Wages generated at marinas remained over $30 million annually between 2005 and 2011.

FIGURE 2.10: CALIFORNIA COASTAL COUNTIES – MARINAS JOBS AND ESTABLISHMENTS



	2005	2006	2007	2008	2009	2010	2011
Employment	1,041	1,004	1,092	1,103	1,051	1,022	1,060
Estab.	113	108	111	106	105	100	100

SOURCE: BLS DATA, ACCESSED FROM ENOW (NOAA COASTAL SERVICES CENTER)

2.6 BEST PRACTICES FROM THE NATIONAL WORKING WATERFRONTS & WATERWAYS SYMPOSIUM

This section discusses best practices for consideration in creating a sustainable working waterfront presented by the country's leading institution on furthering interests of coastal communities and working waterfronts.

There is a strong movement toward the recognition and acknowledgement of the importance of our nation's working waterfronts and waterways and the role they play in commerce, the identity of coastal communities as well as a showcase for accomplishments in environmental stewardship.

In 2013, civic leaders, land use professionals, economists, sociologists, academics and representatives from marine-dependent industries gathered at the National Working Waterfronts and Waterways Symposium (NWWWS) in Tacoma, WA. The NWWWS is considered a leading think tank and source for information sharing on coastal and river borne industry. Outcomes from the Symposium included a list of recommendations aimed at political and civic leaders on the importance of working waterfronts and waterways in the U.S. Key recommendations include:

- Recognize the importance of working waterfronts at the highest level of government in policies, guidance documents, and federal actions; and analyze the best government policies to protect current working waterfront uses.
- Ensure no net loss of working waterfronts by creating and maintaining a national inventory of working waterfronts, including those no longer in use but with a potential future use.
- Document cultural aspects of working waterfronts and their role in coastal communities.
- Facilitate a national conversation about how current and emerging issues, such as sea-level rise and coastal storms, threaten working waterfronts.

3. DISTRICT FINANCIAL PICTURE

The Harbor District operates as an enterprise agency to demonstrate the portion of District expenses that are recovered from services provided, including berth rents, live aboard fees, small boat launch fees, and lease rents. However, the District also undertakes non-enterprise activities that generate no immediately measurable revenue, such as trail maintence and beach erosion control, and year round marine search and rescue. The District's share of property tax revenue helps defray non-enterprise costs that serve a broader segment of the County population and visitors.[1]

In June of each year, the Harbor Commission adopts the annual budget for the following fiscal year (July 1 – June 30). The District's budget is not only a projection of receipts and disbursements, but also the financial plan that identifies the operating costs considered essential to the successful operation of the District. Nonetheless, District operations and expenses need to adapt to unaticipated circumstances as the year unfolds. The budget process generally begins in February and allows opportunity for the public review and the Commission to review and comment on budget projections.

According to Government Code Section 26909 and the State Controller's Minimum Audit Requirements for California Special Districts, annual audits are conducted on the District's financial statements. The audited financial statements follow an accrual accounting protocol.

Financial data used in this assessment was provided by the District and includes information compiled from annual budgets, audited financial statements, and loan documents.

Table 3.1 below presents a summary of the District's total revenues, expenses, and cash reserves over the past ten fiscal years (2004/05 to 2013/14). These figures indicate the District has generally achieved a positive cash flow before depreciation. Also shown are cash reserves and debt service associated with a loan from the Department of Boating and Waterways (DBW), which are discussed in detail in Section 4 below.

Revenues, expenses, capital projects, and cash reserves are discussed in more detail below.

[1] Enterprise related activities are referred to as operating revenues and expenses in the District's financial statements. Non-enterprise activities are referred to as non-operating.

TABLE 3.1: 10 YEAR FINANCIAL SUMMARY

	Fiscal Year									
	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Operating Revenues	$ 3,160,744	$ 3,351,280	$ 3,408,858	$ 3,286,738	$ 3,461,953	$ 3,286,209	$ 3,406,274	$ 3,524,118	$ 3,428,763	$ 3,997,067
Non-Operating Revenues	$ 3,155,251	$ 4,201,524	$ 4,254,499	$ 4,319,458	$ 5,376,493	$ 6,182,846	$ 4,596,894	$ 4,612,471	$ 6,360,216	$ 7,668,084 [1]
Total Revenues	**$ 6,315,995**	**$ 7,552,804**	**$ 7,663,357**	**$ 7,606,196**	**$ 8,838,446**	**$ 9,469,055**	**$ 8,003,168**	**$ 8,136,589**	**$ 9,788,979**	**$ 11,665,151**
Operating Expenses	$ (4,548,467)	$ (4,739,314)	$ (5,153,820)	$ (4,688,224)	$ (5,033,146)	$ (4,534,119)	$ (4,967,014)	$ (4,875,881)	$ (5,677,941)	$ (5,885,199)
Non-Operating Expenses	$ (881,581)	$ (875,711)	$ (855,611)	$ (1,224,380)	$ (1,926,929)	$ (1,802,738)	$ (624,262)	$ (1,510,046)	$ (398,170)	$ (575,362)
Capital Expenses	$ (652,079)	$ (1,366,645)	$ (2,743,336)	$ (1,940,473)	$ (962,969)	$ 147,490	$ (460,318)	$ (932,476)	$ (3,269,808)	$ (1,809,454)
Total Expenses	**$ (6,082,127)**	**$ (6,981,670)**	**$ (8,752,767)**	**$ (7,853,077)**	**$ (7,923,044)**	**$ (6,189,367)**	**$ (6,051,594)**	**$ (7,318,403)**	**$ (9,345,919)**	**$ (8,270,015)**
Net Cash Flow Before Depreciation	**$ 233,868**	**$ 571,134**	**$ (1,089,410)**	**$ (246,881)**	**$ 915,402**	**$ 3,279,688**	**$ 1,951,574**	**$ 818,186**	**$ 443,060**	**$ 3,395,136**
Depreciation	$ (1,370,491)	$ (1,457,644)	$ (1,602,032)	$ (1,653,367)	$ (1,846,000)	$ (1,321,694)	$ (1,365,879)	$ (1,448,344)	$ (1,456,965)	$ (2,285,281)
Net Cash Flow After Depreciation	**$ (1,136,623)**	**$ (886,510)**	**$ (2,691,442)**	**$ (1,900,248)**	**$ (930,598)**	**$ 1,957,994**	**$ 585,695**	**$ (630,158)**	**$ (1,013,905)**	**$ 1,109,855**
DBW Principal Loan Payment	**$ (20,644)**	**$ (27,860)**	**$ (896,029)**	**$ (1,564,106)**	**$ (1,627,076)**	**$ (4,411,855)**	**$ (889,024)**	**$ (929,865)**	**$ (972,584)**	**$ (2,247,656)**
End of Year Cash Reserves	**$ 11,486,935**	**$ 12,000,872**	**$ 10,652,388**	**$ 9,557,294**	**$ 9,468,725**	**$ 12,884,294**	**$ 13,496,228**	**$ 14,079,878**	**$ 13,284,495**	**$ 13,980,280**

Note:
1. Fiscal year 2013/14 non-operating revenue includes a one-time expense reimbursement from the City of South San Francisco for Dock 11 at Oyster Point Marina Park for $2 million.

SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

3.1. Revenue Trends

Table 3.3 (next page) presents a detailed breakout of revenue sources for the Harbor District over the last 10 years. Since fiscal year 2004/2005, total revenues have increased from approximately $6.3 million to nearly $11.7 million. During this same period operating revenues have increased from approximately $3.1 million to nearly $4.1 million, and non-operating revenues have more than doubled from $3.1 million to $7.7 million. Most of the growth in revenues is the result of steady increases in tax revenue and approximately $2 million in compensation from the City of South San Francisco for the replacement of Dock 11 at Oyster Point Marina Park in fiscal year 2013/2014.

Table 3.2 (below) presents the major sources of income as a percent of total revenue over the last ten years and the associated average annual growth rate (AGR). Local government property taxes and other government revenues comprise a near majority of revenue to the District, and have risen substantially since 2004/05 (8.1 percent AGR). However, this revenue includes Redevelopent Agency (RDA), Educational Revenue Augmentation Fund (ERAF), and other state mandated funds. With recent changes to State law regarding the dissolution of redevelopment agencies and the intermittent ability to qualify for other public funds, the District should not rely on steady increases from these funding sources. Regardless, base property tax (less all other tax allocations) has risen over $1.5 million at an annual growth rate of 6.5 percent. Property taxes alone have provided approximately 43 percent of total revenue over the past ten years.

Over the last ten years, berth rentals comprised the next largest source of revenue at 28.1 percent, and with some fluctuation, has risen modestly from $2.2 million to $2.7 million. Rents and concessions, including leases to visitor serving businesses, contribute the next highest portion of revenue, nearly seven percent, increasing at an AGR of over six percent. Operating revenues are discussed in more detail in the next Section.

Table 3.2: Major District Revenues and Growth

Major Revenue Source	% of Total Revenue	10 YR AGR
Local government taxes[1]	48.5%	8.1%
Berth rental	28.1%	2.3%
Rents & concessions	6.9%	6.3%
Grants & State cost recoveries[1]	4.2%	NA
Interest income	2.7%	-10.0%
All other	9.6%	NA
All Revenue	100.0%	7.7%

Notes:
1. Grants & State cost recoveries are infrequent and may preclude valid representation by AGR (average annual growth).
Source: San Mateo County Harbor District

TABLE 3.3: HARBOR DISTRICT 10 YEAR REVENUE SUMMARY

	Operating Revenues									
	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Berth Rental	$ 2,228,931	$ 2,334,391	$ 2,363,660	$ 2,401,066	$ 2,454,142	$ 2,306,670	$ 2,265,867	$ 2,414,734	$ 2,454,496	$ 2,706,831
Rents & concessions	$ 530,569	$ 521,809	$ 496,007	$ 488,116	$ 525,174	$ 555,573	$ 682,706	$ 630,614	$ 580,471	$ 837,747
Transient berths & dockage	$ 158,500	$ 125,380	$ 155,171	$ 150,100	$ 169,389	$ 181,081	$ 168,619	$ 113,546	$ 102,969	$ 127,675
Other sales & services	$ 98,258	$ 217,790	$ 207,415	$ 92,148	$ 154,497	$ 73,259	$ 125,044	$ 168,776	$ 107,380	$ 126,404
Launching fees	$ 71,349	$ 77,051	$ 126,273	$ 91,124	$ 83,863	$ 94,001	$ 92,140	$ 105,893	$ 87,555	$ 110,073
Mooring fees	$ 35,159	$ 43,568	$ 41,669	$ 44,959	$ 47,179	$ 43,279	$ 42,410	$ 44,097	$ 45,938	$ 42,346
Recreational vehicles	$ 32,518	$ 25,138	$ 12,612	$ 13,528	$ 20,515	$ 25,386	$ 23,814	$ 37,505	$ 42,600	$ 37,311
Dock box fees	$ 5,460	$ 6,153	$ 6,051	$ 5,698	$ 7,194	$ 6,960	$ 5,674	$ 8,953	$ 7,354	$ 8,680
Total Operating Revenue	**$ 3,160,744**	**$ 3,351,280**	**$ 3,408,858**	**$ 3,286,738**	**$ 3,461,953**	**$ 3,286,209**	**$ 3,406,274**	**$ 3,524,118**	**$ 3,428,763**	**$ 3,997,067**
Local Govt. Taxes (less fees)[1]	$ 2,665,708	$ 3,143,212	$ 3,794,342	$ 3,911,267	$ 4,268,792	$ 4,389,358	$ 4,271,109	$ 4,460,104	$ 5,080,105	$ 5,221,700
Grants & State cost recoveries	$ 156,537	$ 213,157	$ 2,195	$ -	$ 906,084	$ 1,340,000	$ 51,478	$ 28,359	$ 640,000	$ 271,420
Interest Income	$ 331,350	$ 386,813	$ 456,070	$ 405,570	$ 196,571	$ 93,900	$ 133,166	$ 123,219	$ 94,969	$ 75,043
Reimbursement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,779	$ 2,004,872
Asset Sales	$ -	$ 449,354	$ -	$ -	$ -	$ 349,482	$ -	$ -	$ 29,674	$ 95,049
Termination benefits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 503,689	$ -
Miscellaneous	$ 1,656	$ 8,988	$ 1,892	$ 2,621	$ 5,046	$ -	$ 91,317	$ -	$ -	$ -
Insurance settlements	$ -	$ -	$ -	$ -	$ -	$ 10,106	$ 49,824	$ 789	$ -	$ -
Total Non-Operating Revenue	**$ 3,155,251**	**$ 4,201,524**	**$ 4,254,499**	**$ 4,319,458**	**$ 5,376,493**	**$ 6,182,846**	**$ 4,596,894**	**$ 4,612,471**	**$ 6,360,216**	**$ 7,668,084**
Total All Revenue	**$ 6,315,995**	**$ 7,552,804**	**$ 7,663,357**	**$ 7,606,196**	**$ 8,838,446**	**$ 9,469,055**	**$ 8,003,168**	**$ 8,136,589**	**$ 9,788,979**	**$ 11,665,151**

Notes:
1. Includes ERAF, RDA and other tax related funds.
SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

OPERATING REVENUE

Operating revenues (also referred to as enterprise revenues) reflect fees and income directly tied to the services provided by the District, and are important as the sources of income over which the District has the most control. Berth rentals comprise the lion's share of operating revenues, and have been growing modestly at 2.3 percent AGR. Rents and concessions, largely made up of lease payments from businesses renting visitor and/or commercial-fishing related space from the District, constitute roughly 17 percent of all operating revenue (nearly 7 percent of total) and has grown at an AGR of 6.3 percent. Rents and concessions have generally ranged between $500,000 and 600,000, but reached nearly $840,000 in this latest fiscal year. Transient berths and dockage fees are the next highest earning source and the only one to exhibit a decline, providing $127,000 in 2013/14 from a high of $181,000 in 2009/10.

TABLE 3.4: DISTRICT OPERATING REVENUE 10 YEAR DISTRIBUTION AND GROWTH

Operating Revenue Source	% of Operating Revenue	% of Total Revenue	10 YR AGR
Berth Rental	69.7%	28.1%	2.3%
Rents & concessions	17.0%	6.9%	6.3%
Transient berths & dockage	4.2%	1.7%	-0.6%
Other sales & services	4.0%	1.6%	18.2%
Launching fees	2.7%	1.1%	7.7%
Mooring fees	1.3%	0.5%	2.5%
Recreational vehicles	0.8%	0.3%	6.7%
Dock box fees	0.2%	0.1%	7.5%
All Operating Revenue	**100.0%**	**40.3%**	**2.8%**

SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

3.2. EXPENSE TRENDS

Like revenues, District expenditures are categorized as operating and non-operating and are generally comprised of costs required to run and maintain district operations and facilities. Table 3.5 below presents major expenses for the District over previous ten fiscal years. Salaries and other payroll expenses constitute the District's largest expense, or over 43 percent of all expenses. Capital expenses are the next largest, at nearly 19 percent, followed by interest on the remaining DBW debt, at 8.5 percent. The District has seen salaries, wages, and other payroll expenses increase at an annual average growth rate of 2.6 percent, near the average annual inflation for that period (Bureau of Labor Statistics, 2014). Both capital and interest expenses have declined at an AGR near 10 percent, though capital expenses are more volatile while interest has decreased steadily with pay down of the consolidated DBW loan. Total expenses have increased at an AGR near 5 percent.

3.5: MAJOR DISTRICT EXPENSES AND GROWTH

Major Expense	% of Total Expenses	10 YR AGR
Salaries and payroll burden	43.4%	2.6%
Capital Expenses	18.7%	NA
Interest Expense (DBW)	8.5%	-9.5%
Contractual services	5.0%	9.9%
Termination benefits[1]	4.7%	NA
Utilities	3.9%	4.1%
Insurance	3.1%	2.0%
Repairs & maintenance	2.2%	9.4%
Elections[1]	1.9%	NA
All Other Expenses	8.4%	NA
All Expenses	**100.0%**	**4.9%**

Notes:
1. Grants & State cost recoveries and elections are infrequent and preclude valid representation by 10-year AGR.

SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

Table 3.6 (following page) provides a summary of operating and non-operating expenses from fiscal year 2004/05 to 2013/14. Contributing to the overall increase in expenses from $6.0 million to $8.2 million (4.9 percent AGR) were capital expenses and salaries and other payroll expenses. As previously stated, the District has seen salaries and payroll increase at an annual average growth rate of 2.6 percent, near the average annual inflation for that period (Bureau of Labor Statistics, 2014). Capital expenses have fluctuated based on needed improvements and other infrastructure investments (Capital projects are discussed in Section 3.4, below.)

TABLE 3.6: HARBOR DISTRICT 10 YEAR EXPENSE SUMMARY

	Expenditures									
	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Salaries and payroll burden	$ (2,897,122)	$ (3,180,348)	$ (3,257,006)	$ (3,238,620)	$ (3,288,038)	$ (3,041,464)	$ (3,169,464)	$ (3,265,145)	$ (3,518,606)	$ (3,627,090)
Contractual services	$ (399,173)	$ (312,950)	$ (323,989)	$ (386,595)	$ (430,955)	$ (338,256)	$ (286,794)	$ (281,465)	$ (330,039)	$ (651,386)
Utilities	$ (280,902)	$ (264,000)	$ (260,704)	$ (267,863)	$ (288,881)	$ (300,825)	$ (285,251)	$ (310,415)	$ (298,837)	$ (385,908)
Insurance	$ (204,727)	$ (194,140)	$ (229,764)	$ (245,353)	$ (240,188)	$ (236,072)	$ (237,954)	$ (245,705)	$ (262,684)	$ (239,394)
Repairs & maintenance	$ (146,413)	$ (109,594)	$ (104,768)	$ (95,348)	$ (109,596)	$ (147,333)	$ (338,485)	$ (242,197)	$ (188,892)	$ (177,923)
Elections	$ (108,928)	$ (217,856)	$ (459,534)	$ -	$ (100,000)	$ -	$ -	$ -	$ (376,975)	$ (188,487)
Operating supplies	$ (69,585)	$ (54,526)	$ (63,476)	$ (59,076)	$ (59,978)	$ (66,782)	$ (112,061)	$ (89,073)	$ (107,566)	$ (117,435)
Office rental	$ (54,797)	$ (62,002)	$ (68,584)	$ (70,803)	$ (75,396)	$ (94,518)	$ (90,547)	$ (91,930)	$ (90,812)	$ (95,063)
All Other Operating Expenses[1]	$ (386,820)	$ (343,898)	$ (385,995)	$ (324,566)	$ (440,114)	$ (308,869)	$ (446,458)	$ (349,951)	$ (503,530)	$ (402,513)
Total Operating Expenses	**$ (4,548,467)**	**$ (4,739,314)**	**$ (5,153,820)**	**$ (4,688,224)**	**$ (5,033,146)**	**$ (4,534,119)**	**$ (4,967,014)**	**$ (4,875,881)**	**$ (5,677,941)**	**$ (5,885,199)**
Interest Expense (DBW)	$ (881,581)	$ (875,711)	$ (855,611)	$ (800,702)	$ (743,544)	$ (554,179)	$ (483,649)	$ (441,869)	$ (398,170)	$ (350,616)
Termination benefits	$ -	$ -	$ -	$ -	$ (812,191)	$ (1,248,559)	$ (140,613)	$ (1,050,627)	$ -	$ (224,746)
Asset Sales	$ -	$ -	$ -	$ (423,678)	$ (35,623)	$ -	$ -	$ (15,954)	$ -	$ -
Investment loss	$ -	$ -	$ -	$ -	$ (335,571)	$ -	$ -	$ -	$ -	$ -
Reimbursement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,596)	$ -	$ -
Total Non-Operating Expense	**$ (881,581)**	**$ (875,711)**	**$ (855,611)**	**$ (1,224,380)**	**$ (1,926,929)**	**$ (1,802,738)**	**$ (624,262)**	**$ (1,510,046)**	**$ (398,170)**	**$ (575,362)**
Capital Expenses	**$ (652,079)**	**$ (1,366,645)**	**$ (2,743,336)**	**$ (1,940,473)**	**$ (962,969)**	**$ 147,490**	**$ (460,318)**	**$ (932,476)**	**$ (3,269,808)**	**$ (1,809,454)**
Total All Expenses[2]	**$ (6,082,127)**	**$ (6,981,670)**	**$ (8,752,767)**	**$ (7,853,077)**	**$ (7,923,044)**	**$ (6,189,367)**	**$ (6,051,594)**	**$ (7,318,403)**	**$ (9,345,919)**	**$ (8,270,015)**

Notes:
1. Any individual operating expense less than 1 percent of total expenses.
2. Excludes depreciation and payment on DBW loan principal. See table 3.1 and Section 4.

SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

3.3 Revenue and Expenses By Department

Since 2010, the District has accounted for revenues and expenses by department (before, they were lumped together). Tables 3.7 and 3.8 show operating revenues and expenses for Pillar Point, Oyster Point, Administration, and Harbor Commission. Revenues for Oyster Point include $2.6 million in reimbursements from the City of South San Francisco for breakwater and dock repairs (wave attenuation) and the replacement of Dock 11. Without this reimbursement, the two facilities have grown at a similar rate.

Table 3.7: Harbor District Revenues by Department, 2010/11 – 2013/14

	Operating Revenues					
Department	2010/11	2011/12	2012/13	2013/14	% Share	AGR
Pillar Point	$ 1,974,752	$ 2,016,950	$ 2,077,755	$ 2,384,566	46.8%	6.6%
Oyster Point	$ 1,531,953	$ 1,529,199	$ 2,001,210[1]	$ 3,887,658[2]	49.6%	41.7%
Administration	$ 226,327	$ 148,559	$ 97,105	$ 172,887	3.6%	3.0%
Harbor Commission	$ -	$ -	$ -	$ -	0.0%	NA
Total	**$ 3,733,032**	**$ 3,694,708**	**$ 4,176,070**	**$ 6,445,110**	**100.0%**	**22.1%**

Notes:
1. 2012/13 revenues include $600,000 reimbursement from the City of South San Francisco for wave attenuation capital expense.
2. 2013/14 revenues include $2M reimbursement payment from the City of South San Francisco for the replacement of Dock 11.

Source: San Mateo County Harbor District

Table 3.8: Harbor District Expenses by Department, 2010/11 – 2013/14

	Expenses					
Department	2010/11	2011/12	2012/13	2013/14	% Share	AGR
Pillar Point	$ 3,055,348	$ 3,522,492	$ 2,831,360	$ 3,681,855	42.8%	8.6%
Oyster Point	$ 2,770,529	$ 3,086,150	$ 2,526,295	$ 3,315,957	38.2%	8.2%
Administration	$ 1,035,894	$ 1,142,187	$ 1,213,074	$ 1,257,131	15.2%	6.7%
Harbor Commission	$ 123,746	$ 91,241	$ 488,860	$ 468,174	3.8%	135.1%
Total	**$ 6,985,517**	**$ 7,842,070**	**$ 7,059,590**	**$ 8,723,117**	**100.0%**	**8.6%**

Source: San Mateo County Harbor District

3.4. Capital Projects

Each year, the District undertakes capital projects that vary considerably scale and scope, some of which are tied to grant and other "outside" funding sources. As shown in Table 3.6 (above), capital expenses have ranged between $650,000 and $3.3 million, totaling nearly $14 million over the last 10 years. After considerably reduced expenses in fiscal years 2009/10 to 2010/11, significant capital investments totalling over $5 million were made in the last two years.

In 2009, the District prepared a list of potential capital projects, and prioritized them into categories of "must do" and "should do", and this has been used to inform facilites plans. The District has recently hired Moffatt & Nichol Engineers to produce a Marine Infrastructure and Facility Conditions Survey, which will inform capital project priorities and the Strategic Business Plan.

3.5. Cash Reserves

The creation, use, and definition of reserves varies significantly among public agencies. Typically, and in accordance with Generally Accepted Accounting Principals (GAAP), reserves simply equate to a net positive balance of liquid assets to liabilities in annual budgets. Reserves may also be specific "contingency" or "rainy day" funds, with an associated policy governing uses responding to uncertainty.

Best practices for the establishment of cash reserves for public agencies typically adhere to a few principles, 1) cash reserves are intended to better position agencies to fund anticipated and unforseen capital outlays, 2) reduce or eliminate interest and costs associated with debt, as well as 3) protect budgets against known and unknown risks. Therefore, reserve funds should clearly identify their intended use and should balance the the provision of ample cushion in times of need without restricting excessive amounts for extended periods of time. Generally, public agencies should have policies in place to govern the use, amounts, and management of reserve funds. Policies should include the periodic assessment of cash reserves to ensure the amounts and intended uses remain necessary and valid. Generally, cash reserves must be accounted for separately, and interest should be reinvested in the reserve fund from which it accrued.

A more difficult exercise is to determine the proper amount to keep in reserves. Some "rules of thumb" used by municipalities to evaluate an adequate amount of reserves may be as simple as a percentage of annual operating expenditures or an amount required to maintain operations for a given period of time. However, there is little in the way of industry guidelines or academic research that provides standards applicable across agencies. Generally, reserve funds should respond to historical peaks and troughs in revenue streams.

At the end of fiscal year 2013/14, the District had $13.9 million in cash. Of this, approximately $1.78 million is restricted as a requirement of the Division (formerly Department) of Boating & Waterways outstanding debt (see also Debt Retirement Plan below). While reserves have fluctuated over the years, since 2008 cash has increased by nearly $2.5 million in the last 10 years (21.7%). This is due to a combination of revenue increases, including non-recurring government tax payments and modest growth in corresponding expenses.

TABLE 3.9: SAN MATEO COUNTY HARBOR DISTRICT 10 YEAR CASH BALANCE

Fiscal Year	Available Cash	Restricted Cash	Total Cash
2004/05	$ 9,976,124	$ 1,510,811	$ 11,486,935
2005/06	$ 10,439,470	$ 1,561,402	$ 12,000,872
2006/07	$ 9,024,999	$ 1,627,389	$ 10,652,388
2007/08	$ 7,854,545	$ 1,702,749	$ 9,557,294
2008/09	$ 7,817,446	$ 1,651,280	$ 9,468,726
2009/10	$ 11,212,020	$ 1,672,274	$ 12,884,294
20010/11	$ 11,805,185	$ 1,691,043	$ 13,496,228
20011/12	$ 12,364,655	$ 1,715,223	$ 14,079,878
20012/13	$ 11,547,199	$ 1,737,296	$ 13,284,495
20013/14	$ 12,204,651	$ 1,775,629	$ 13,980,280

SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

ASSIGNED AND COMMITTED CASH RESERVES

A portion of the District's cash reserve funds are approriated for various uses, however they may be repurposed at the Board of Harbor Commissioner's discretion, and therefore remain characterized as "unrestricted". Current earmarked funds and their intended uses are presented in Table 3.10 below.

TABLE 3.10: 2013/14 CASH RESERVE APPROPRIATIONS

Cash Reserve	Amount	Category
Emergency Reserve	$ 1,619,464	Committed
Reserve for District Office	$ 1,526,218	Committed
Capital Improvements Reserves	$ 586,500	Committed
Payables Liability	$ 141,877	Assigned
Unfunded Health Insurance Termination Benefit Liability	$ 2,973,047	Assigned
Encumbrances for Capital Projects	$ 685,222	Assigned
Customer Deposits Liability	$ 214,228	Assigned
Customer's Prepayments Liability	$ 255,315	Assigned
Total Committed/Assigned	**$ 8,001,871**	
Unassigned	**$ 4,202,781**	
Restricted DBW Set Aside	**$ 1,775,629**	
Total Cash Reserve End of Fiscal Year 2013/14	**$ 13,980,280**	

SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

The reserve funds previously committed or to various purposes assigned at the Commission's discretion have been apportioned because of a known need. The District must weigh the costs and benefits of repurposing funds for other anticipated future capital needs, remaining DBW debt retirement (see section 4 below), and future investments to improve the financial viability of the District. This review should be created in conjunction with a clear policy for governing cash resreves.

4. DEBT RETIREMENT PLAN

SMCHD development in the late 1970s and 1980s was financed by loans from the Division of Boating and Waterways (DBW). Loan restructuring and consolidation efforts are discussed further below. The purpose of this Section is to illustrate how the District can continue to make debt payments and/or retire the debt in accordance with the negotiated loan terms.

4.1. DBW DEBT HISTORY

The following DBW debt history is based upon the San Mateo County Harbor District Basic Financial Statements for the year ended June 30, 2013.

Between 1973 and 1991, DBW extended seventeen loans totalling $19,473,934 to SMCHD for capital and other expenses at Pillar Point Harbor, as well as the development of Oyster Point Marina Park. In May 1997, DBW allowed SMCHD a three-year loan deferral during which time no principal or interest payments were due. At the end of the deferral period, the loans and deferred interests were re-amortized over the remaining life of the loans. In July 2001, SMCHD executed an "Approval of Concept" agreement with DBW to defer for five years the principal portions of DBW debt service payments and make interest only payments.

In October 2004, SMCHD entered into a Consolidated Loan Agreement with DBW that consolidated the seventeen previous loans into one. Collateral for the consolidated loan is all property tax revenues due to SMCHD, assigned rents and leases[2] due to SMCHD, and a restricted cash reserve account with the San Mateo County Treasury that had a beginning balance of $1,500,000. Beginning in 2007, the District made principal and interest payments on the outstanding loan balance.

The DBW loan agreement includes covenants intended to ensure the District maintains the ability to retire the debt, requiring the District obtain approval for capital expenses greater than $1,000,000 and approval for changes to any lease rate within the District.

In 2008, SMCHD and DBW entered into San Mateo County Harbor District Settlement Agreement Amendment#1 that re-amortized SMCHD's loan with DBW to accommodate additional principal paydown in 2008 and 2009, as shown in Table 4.1. At year-end 2008, the outstanding DBW principal amounted to $17,784,253. Two subsequent principal payments in the amounts of $2,400,000, $3,660,000, and one interest and principal payment in the amount of $1,407,374 were made on December 31, 2008, September 10, 2009, and December 31, 2009, respectively. The September, 2009, $3.66 million payment was made to DBW by WETA as a condition of approval of WETA's lease from SMCHD for the commuter ferry terminal at Oyster Point Marina Park, which required the removal of docks and, therefore, future revenue.

[2] Assigned rents and leases refers to a scenario when rents due to a borrower, in this case rents from Pillar Point and Oyster Point Marina Park, can be transferred to the lender, in this case DBW, in the event the borrower is unable to make loan payments.

TABLE 4.1 SMCHD SETTLEMENT AGREEMENT AMENDMENT#1 DBW AMORTIZATION SCHEDULE

Payment Date	Principal (dollars)	Interest (dollars)	Total Payment (dollars)
12/31/2008	$2,400,000.00	$0.00	$2,400,000.00
9/10/2009[1]	$3,660,000.00	$0.00	$3,660,000.00
12/31/2009	$751,854.91	$655,518.94	$1,407,373.85
12/31/2010	$889,023.74	$504,070.03	$1,393,093.77
12/31/2011	$929,865.33	$463,228.44	$1,393,093.77
12/31/2012	$972,583.18	$420,510.59	$1,393,093.77
12/31/2013	$1,017,263.48	$375,830.29	$1,393,093.77
12/31/2014[2]	$1,230,392.71	$162,701.06	$1,393,093.77
12/31/2015	$1,112,876.20	$280,217.57	$1,393,093.77
12/31/2016	$1,164,001.54	$229,092.23	$1,393,093.77
12/31/2017	$1,217,475.56	$175,618.21	$1,393,093.77
12/31/2018	$1,273,406.18	$119,687.59	$1,393,093.77
12/31/2019	$1,331,906.17	$61,187.60	$1,393,093.77

Notes:
1. Funds for the 9/10/2009 $3,660,000 principal paydown were issued to directly to DBW by WETA.
2. Due to early payments, the latest remaining balance and payment schedule presented in audited FY2013/14 financial statement is now inconsistent with amortization schedule in Settlement Agreement 1. See below.

SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

According to the current amortization schedule, DBW principal will be paid off entirely by the end of 2019, unless SMCHD does so sooner on a voluntary basis. SMCHD debt service payments will have reduced DBW principal to approximately $6.07 million[3] by the end of calendar year 2014. (Note: As discussed furher below, the District has over $1.7 million in a restricted reserve account administered by the San Mateo County Treasurer that could enable the District to retire the remaining debt in 2018 or earlier.)

4.2. DEBT SERVICE COVERAGE RATIO

One approach to assessing a borrower's ability to pay debt obligtions is an evaluation of the debt service coverage ratio (DCR), which is the ratio of net income to the debt payments. This section will show that SMCHD has current and projected DCRs of 1.05 and above, which indicates that the SMCHD has enough projected net income to cover DBW debt payments without drawing from cash reserves.

[3] Source: SMCHD, "2014 Payment Oyster and Pillar Point, Modify 2014 Payment Due on July 1, 2014, Modification B, 7/28/2014"

What is DCR?

To qualify for financing, a lender must be satisfied that it is an acceptable investment. In this case the lender is DBW, and the investment is the consolidated loan issued to SMCHD as described above. A lender evaluates the risk and return of any given loan. One widely used indication of the risk is the degree to which a borrower's income is expected to exceed the loan payments. The lender typically would like to see a sufficient cushion. If income is less than anticipated, the borrower will still be able to make the debt payments without using reserve funds. A common way to measure the cushion a borrower is expected to maintain is the DCR.

A DCR of 1.0 would illustrate that a borrower has exactly enough net income to pay a debt obligation. For example, consider the case in which a company earned annual net income of $100,000. Say also, the company has taken on a loan that results in an annual payment of $100,000. The company DCR would be $100,000 (net income) / $100,000 (debt payment) = 1.0. If the company's net income increases to $120,000, the DCR increases to 1.2. If the company's net income falls to $80,000, the DCR decreases to 0.8. A DCR of less than 1.0 signals that a borrower will be unable to make a debt payment unless it has reserve funds.

In the case of SMCHD, Table 4.2 below shows an end of fiscal year 2013/14 DCR of 1.87 that is projected to reduce to 1.05 and then trend back up to 1.45 when capital expenses are excluded. This means the District has has enough net income to pay its DBW debt obligtions while maintaining a 5 to 45 percent (of total DBW debt payment) cushion, which the District must consider when determining fund allocation for capital projects and whether to draw from cash reserves. To this end, Table 4.2 also presents the amount of funds available for capital expenses while maintaining a DCR of 1.0. It is important to note that these projections are based on historical trends and applied to current budgets while exlcuding depreciation. Depreciation reflects a loss in value of the District's capital assets over lifespan of the asset, but do not contribute to cash flows out of the District.

TABLE 4.2: SMCHD DBW DEBT SERVICE COVERAGE RATIO

	Actual	Budgeted	Projections[1]				
Fiscal Year	**FY 2013/14**	**FY 2014/15**	**FY 2015/16**	**FY 2016/17**	**FY 2017/18**	**FY 2018/19**	**FY 2019/20**
Operating Revenues	$ 3,997,067	$ 3,788,250	$ 3,895,165	$ 4,005,097	$ 4,118,131	$ 4,234,356	$ 4,353,861
Non-Operating Revenues[2]	$ 7,092,722	$ 5,117,300	$ 5,373,165	$ 5,641,823	$ 5,923,914	$ 6,220,110	$ 6,531,116
Total Revenues	**$ 11,089,789**	**$ 8,905,550**	**$ 9,268,330**	**$ 9,646,920**	**$ 10,042,046**	**$ 10,454,466**	**$ 10,884,977**
Total Operating Expense[3]	**$ (5,885,199)**	**$ (7,608,547)**	**$ (7,855,088)**	**$ (8,109,618)**	**$ (8,372,396)**	**$ (8,643,688)**	**$ (8,923,771)**
Cash Available for Debt Payment	**$ 5,204,590**	**$ 1,297,003**	**$ 1,413,241**	**$ 1,537,302**	**$ 1,669,650**	**$ 1,810,778**	**$ 1,961,206**
DBW Principal Payment [4]	$ 2,247,656	$ -	$ 979,573	$ 1,165,522	$ 1,219,066	$ 1,275,069	$ 1,294,039
DBW Loan Interest**	$ 538,531	$ -	$ 413,520	$ 227,572	$ 174,028	$ 118,024	$ 59,448
Total Loan Payment	**$ (2,786,188)**	**$ -**	**$ (1,393,093)**	**$ (1,393,094)**	**$ (1,393,094)**	**$ (1,393,093)**	**$ (1,353,487)**
Debt Service Coverage Ratio	1.87	-	1.01	1.10	1.20	1.30	1.45
DSCR with Capital Expenses		1.00	1.00	1.00	1.00	1.00	1.00
Amount Available for Capital Expenses		**$ 1,297,003**	**$ 20,148**	**$ 144,208**	**$ 276,556**	**$ 417,685**	**$ 607,719**

Notes:
1. Projections are based on historical average annual growth rates. Non-operating revenues include non-recurring governmental and other funds that may not be consistently received by the District. Non-operating revenue is therefore assumed to increase 5% annually, based on the AGR of revenues the District is likely to continue receiving only.
2. Less certain administrative fees and other costs associated with non-operating revenue.
3. Excludes DBW Interest, depreciation, and capital expenses.
4. Data from audited fiscal year 2013/14 audited financial statement.

SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

4.3. Cash Reserves

In the event SMCHD net income were to decrease to a point where net income in any given year would not support the full DBW debt payment, SMCHD would have the option to draw from its unrestricted cash reserves, which totaled $12,204,651 at the end of fiscal year 2013/14 (see Tables 3.9 and 4.3). This may include the adjustment or reallocation of assigned and/or committed reserves (See Table 3.10).

As shown in Table 4.3, unrestricted cash reserve funds are projected to decrease to $7.8 million by the end of fiscal year 2018/19, with the final DBW loan payment occuring the following year and cash reserves increasing to $9.6 million, assuming annual capital expenses of $1.5 million. Historically, capital expenses have varied (see Table 3.6), ranging from roughly $0.5 million to over $3 million.

4.4. Cash Reserves, Capital Project Expenses & DBW Prepayment

SMCHD could use unrestricted or restricted cash reserve funds to pay off the DBW loan earlier. The District has over $1.7 million in a restricted reserve account administered by the San Mateo County Treasurer that could enable the District to retire the remaining debt in 2018 or earlier.

This section describes the level of unrestricted and restricted cash reserves relative to prepaying the remaining DBW debt obligation. This section also discusses the decision to undertake capital project expenses and the impact it would have on unrestricted cash reserve funds.

Use of Unrestricted Cash Reserve Funds to Pay Down Remaining DBW Principal

Table 4.3 (below) shows SMCHD unrestricted cash reserve amounts for each year in comparison to the DBW loan outstanding principal balance. The projections show that in any given year, SMCHD would have reserves sufficient to pay off the DBW loan in its entirety. As discussed in Section 3 above, a significant portion of these reserves have be assigned or committed to various purposes and a reallocation must be reviewed and approved by the Board of Harbor Commissioners. As of the 2013/2014 fiscal year, the District held $4.2 million in unassigned, unrestricted cash reserves, and $1.78 million in the restricted DBW setaside, totalling nearly $6 million, roughly equal to the remaining loan principal (see Table 3-10 for cash reserve balances).

Role of Capital Project Expenses

The decision to undertake capital project expenses should come after the post-DBW debt payment position is confirmed. Any capital project expenses would reduce the amount of cash remaining in unrestricted cash reserves. Table 4.3 takes into account capital project expenses that have been formally budgeted for fiscal years 2013/14 and 2014/15, afterwhich capital expenses of $1.5 million per year are assumed. As discussed above, capital expenses may vary significantly from year to year; one of the many purposes of cash reserves is adapting to fluctuations in capital and other expenses. Unless large capital project expenses are undertaken, SMCHD would retain unrestricted cash reserves that are sufficient to pay off DBW outstanding principal in any of the forecast years shown in Tables 4.3. The District will retain nearly $10 million in reserves once all debt obligations are retired, enough to cover more than one year of operating expenses.

USE OF RESTRICTED CASH RESERVE FUNDS TO PAY DOWN REMAINING DBW PRINCIPAL

As part of the Consolidated Loan Agreement entered into with DBW in 2004, SMCHD was required to set aside $1,500,000 in an restricted cash account held by San Mateo County Treasury. The balance of this fund as of end of Fiscal 2012/13 is $1,775,629. SMCHD may use the restricted cash fund to pay down the last year of outstanding DBW principal. Because the account more than covers the last year DBW debt obligation, SMCHD could pay off the DBW loan one year early without reducing its overall finacial position or unrestricted cash reserves.

TABLE 4.3: SMCHD CASH RESERVE SUFFICIENCY

	Actual	Budgeted	Projections[1]				
Fiscal Year	**FY 2013/14**	**FY 2014/15**	**FY 2015/16**	**FY 2016/17**	**FY 2017/18**	**FY 2018/19**	**FY 2019/20**
Operating Revenues	$ 3,997,067	$ 3,788,250	$ 3,895,165	$ 4,005,097	$ 4,118,131	$ 4,234,356	$ 4,353,861
Non-Operating Revenues[2]	$ 7,092,722	$ 5,117,300	$ 5,373,165	$ 5,641,823	$ 5,923,914	$ 6,220,110	$ 6,531,116
Total Revenues	$ 11,089,789	$ 8,905,550	$ 9,268,330	$ 9,646,920	$ 10,042,046	$ 10,454,466	$ 10,884,977
Total Operating Expense[3]	$ (5,885,199)	$ (7,608,547)	$ (7,855,088)	$ (8,109,618)	$ (8,372,396)	$ (8,643,688)	$ (8,923,771)
Cash Available for Debt Payment	**$ 5,204,590**	**$ 1,297,003**	**$ 1,413,241**	**$ 1,537,302**	**$ 1,669,650**	**$ 1,810,778**	**$ 1,961,206**
DBW Principal Payment[4]	$ 2,247,656	$ -	$ 979,573	$ 1,165,522	$ 1,219,066	$ 1,275,069	$ 1,294,039
DBW Loan Interest[4]	$ 538,531	$ -	$ 413,520	$ 227,572	$ 174,028	$ 118,024	$ 59,448
Total Loan Payment	**$ (2,786,188)**	**$ -**	**$ (1,393,093)**	**$ (1,393,094)**	**$ (1,393,094)**	**$ (1,393,093)**	**$ (1,353,487)**
Cash Available after Loan Payment	**$ 2,418,402**	**$ 1,297,003**	**$ 20,148**	**$ 144,208**	**$ 276,556**	**$ 417,685**	**$ 3,314,693**
Capital Projects Expense	$ (1,809,454)	$ (545,933)	$ (1,500,000)	$ (1,500,000)	$ (1,500,000)	$ (1,500,000)	$ (1,500,000)
Remaining Cash Reserves	**$ 12,204,651**	**$ 12,955,721**	**$ 11,475,869**	**$ 10,120,077**	**$ 8,896,634**	**$ 7,814,319**	**$ 9,629,012**
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Outstanding DBW Loan Principal	$ 5,933,269	$ 5,933,269	$ 4,953,696	$ 3,788,174	$ 2,569,108	$ 1,294,039	$ -

Notes:
1. Projections are based on historical average annual growth rates. Non-operating revenues include non-recurring governmental and other funds that may not be consistently received by the District. Non-operating revenue is therefore assumed to increase 5% annually, based on the AGR of revenues the District is likely to continue receiving only.
2. Less certain administrative fees and other costs associated with non-operating revenue.
3. Excludes DBW Interest, depreciation, and capital expenses.
4. Data from audited fiscal year 2013/14 audited financial statement.

SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

5. Employment Analysis

This Section summarizes the number and types of jobs generated in the SMCHD, including staff and employment generated by lessees and the commercial fishing industry. The data was collected through interviews with commercial fishermen, the District and local businesses as well as from employment and wage data provided by the District. Table 5.1 below provdes a breakdown of employees by location, and by District Department.

Table 5.1: Harbor District Estimated Employment, 2014

Full Time Equivalent (FTE) Employment by Location				
Location	Commercial Fishing / Working Waterfont	Visitor Serving Uses/Businesses	District Staff	Total
Pillar Point Harbor	119.5[1]	31.5	10	161.0
Oyster Point Marina Park	13.5[2]	42	8	63.5
District Administrative	NA	NA	9	9.0
District Harbor Commission	NA	NA	0.5[3]	0.5
Total	**133**	**73.5**	**27.5**	**234**

Notes:
1. Includes 8.5 FTE for three fish buyer/offloaders and fuel dock employees and 4 FTE for CPFV operators based on discussions with District staff and fishing industry stakeholders. This figure also includes employment estimate for commercial fishermen: 126.5 active local vessels (50% of CDFW total, the other 50% are visiting vessels). One third of those are full time fishermen with 1.75 crew or 73 FTE, one third are part time fishermen with part time crew or 26 FTE, the remaining one third make a handful of trips and are employed part time or full time in another industry and equate to 8 FTE. Therefore, total commercial fishing industry, including fish handlers, fuel and ice operator and CPFV operators in San Mateo County is 119.5.
2. Working waterfront employment based on Drake's Marine, Yacht Club and Harbor District. A seasonal, more highly varied number of specialists are brought on to perform work on boats on an as-needed basis, but are excluded from this estimate.
3. Assumes 0.1 FTE per Commissioner (5 total).

Employment at Pillar Point

In addition to 10 District staff, employment on the working waterfront at Pillar Point Harbor includes those participating in the commercial fishing industry: skippers and deckhands, offloaders, employment at the fuel and ice facility, recreational fishing trip operators, and deckhands; and those working at businesses leasing District facilities: food service and visitor service workers, retail workers, and RV Park and kayak rental employees. With 369 slips accommodating 253 active fishing vessels (CDFW, 2013), approximately half of which are estimated to be local, the commercial fishing industry at Pillar Point generates approximately 119.5 full time equivalent (FTE) jobs, including employment on the dock.

Other businesses and employment generators nearby and associated with Pillar Point that do not lease directly to the District include the Half Moon Bay Yacht Club; Barbara's Fish Trap (a seafood restaurant serving fresh, locally caught fish); the Oceano Hotel and Pillar Point Inn, retail and service businesses within Harbor Village shopping center, the Half Moon Bay Brewing Company, and Café Classique, which opens early to serve fishermen and other workers at Pillar

Point Harbor. Employment at these and other businesses are a part of the working waterfront at Pillar Point, but are not included in employment estimates.

Employment at Oyster Point

Employment at Oyster Point is largely comprised of eight District staff and onshore businesses, including a hotel, restaurant, and banquet facility, as well as boating service and parts retailer, Drakes Marine. The District Administration offices are located in South San Francisco near Oyster Point and most administrative staff is located at that office. Other businesses/entities providing employment include a small kite boarding rental outfit, the Oyster Point Yacht Club, and several other leaseholders.

Employment, Income and Economic Impacts

The Harbor District employs approximately 27.5 FTE staff, many of whom live, shop and recreate in the local community, and some own vessels and lease slips from the Harbor District. Overall, the District provided nearly $2 million in wages to employees in fiscal year 2013/14. Yacht owners, workers, business patrons and visitors generate spending on fuel and transportation, lodging, food, rentals, and other products, a significant portion of which occurs within San Mateo County. This spending generates income for local businesses as well as sales tax revenue. Hotel stays for visits influenced by Oyster Point and Pillar Point contribute transit occupancy taxes to the City of South San Francisco and San Mateo County, respectively. Additionally, property taxes levied on boats and properties within the Harbor generate tax revenue for the City of South San Francisco and the County.

Table 5.2: Harbor District Employment and Income, 2014

FTE by Industry				SM County Industry Income Average[1]	Total Direct Income
Employment Type	Pillar Point	Oyster Point	Total		
Fishing[2]	119.5	0	119.5	$ 49,442.31	$ 5,908,356
Recreation-Sport[3]	3.5	1.5	5.0	$ 27,461.52	$ 137,308
Retail	2.5	14.5	17.0	$ 31,997.65	$ 543,960
Hotel Accommodations	1.5	13	14.5	$ 22,385.22	$ 324,586
Food Service	24	26.5	50.5	$ 22,385.22	$ 1,130,454
District Staff[4]	14.75	12.75	27.5	NA	$ 1,961,905
Total	**165.8**	**68.3**	**234.0**	**NA**	**$ 10,006,568**
				Less 2013/14 Rents[5]	**$ 9,168,821**

Notes:
1. Taken from US Census 2012 Business Census and based on most applicable NAICS code.
2. Includes employment estimate for commercial fishermen, CPFV and other workers attributed to vessel operations, and is calculated by multiplying an non-transient active vessels (176.5) by 1.75 FTE per vessel, based on CDFW data, discussions with commercial fishermen at Pillar Point Harbor, earnings, and LWC experience.
3. Estimated FTE split between retail and sport fishing operations of Half Moon Bay Sport Fishing and Tackle.
4. Administrative Staff and Commission FTE divided equally between Pillar Point and Oyster Point. Total direct income taken directly from 2013/14 financial data.
5. Payments between lessees and the District to avoid double counting.

Table 5.2 illustrates an estimate of income generated by the District. The District and its leaseholders provide approximately $9 million in income in San Mateo County.

6. Regional Comparison and Demand

This section provides a comparative overview of four regional ports as examples, intended to inform decision makers in San Mateo Harbor District. They include: Santa Cruz, Monterey, Moss Landing and Port San Luis. These facilities were chosen primarily due to their proximity and in the case of Port San Luis, its recognition from the Government Finance Officers Association on the presentation of its 2015/2015 budget. Santa Cruz, Port San Luis and Moss Landing are special districts and share the same management structure as San Mateo Harbor District. While Monterey harbor operations and management are a division of the City, it is the next major port to the south of Pillar Point Harbor (approximately 90 miles), shares a strong synergy between commercial fishing and tourism and is considered a successfully managed harbor.

The variables presented in this case study analysis include a detailed look at budgets, revenues and expenses, impacts of tourism, commercial fishing activity, number of staff and payroll, slips and moorings, leases and capital expenditures.

6.1 Demand for Marine Dependent Uses

The regional comparison is made within the context of marine dependent uses and the demand for infrastructure and services that support them. Marine dependent uses require a site on, or adjacent to, the sea to be able to function. From the perspective of a port or harbor district management, Coastal Act policies seek to ensure the availability of a range of boat slip sizes commensurate with the regional distribution of vessel type and size, or land use designations that broaden access to affordable boating opportunities.

Furthermore, the Coastal Act specifically targets provision of amenities that support recreational and commercial boating and fishing activities. Coastal Act Section 30224 encourages recreational boating facilities as follows, "Increased recreational boating use of coastal waters shall be encouraged, in accordance with this division, by developing dry storage areas, increasing public launching facilities, providing additional berthing space in existing harbors, limiting non-water-dependent land uses that congest access corridors and preclude boating support facilities, providing harbors of refuge, and by providing for new boating facilities in natural harbors, new protected water areas, and in areas dredged from dry land." Section 30234 of the Coastal Act also states, "Facilities serving the commercial fishing and recreational boating industries shall be protected and, where feasible, upgraded. Existing commercial fishing and recreational boating harbor space shall not be reduced unless the demand for those facilities no longer exists or adequate substitute space has been provided. Proposed recreational boating facilities shall, where feasible, be designed and located in such a fashion as not to interfere with the needs of the commercial fishing industry."

> The economic, commercial, and recreational importance of fishing activities shall be recognized and protected. Section 30234.5 of the California Coastal Act.

Demand for marine dependent uses at Pillar Point Harbor and Oyster Point Marina Park is a function of the strength in: local and regional commercial fishing, recreational fishing, pleasure boating (sail and motor), live aboards and marine related-tourism such as stand up paddle boarding, kayaking, surfing and kite surfing and recreational fishing from piers and breakwaters. A facility's capacity to accommodate and maintain demand for marine dependent facilities and services relies on its financial health, ability to attract funding, staff, condition and capacity of physical infrastructure, regional competition, and ability to attract tourism.

6.2 OVERVIEW OF REGIONAL PORTS

This section provides an overview of four regional ports: Santa Cruz, Moss Landing, Monterey, and Port San Luis and summarizes the key characteristics that contribute to their performance. Information was gathered primarily from direct communication with harbor management and staff from each facility, by phone and email, and review of fiscal year 2014/15 budgets, websites and archival data sources.

SANTA CRUZ

Santa Cruz Port District (SCPD) is the next major port facility to the south Pillar Point Harbor (approximately 50 miles), and the northern-most harbor in Monterey Bay. Santa Cruz has a population of over 60,000 residents, and is home to the University of California, Santa Cruz, a thriving downtown, and regional attractions such as the Santa Cruz Beach Boardwalk Amusement Park.

By general election, the District was formed in 1950 and like Pillar Point Harbor is governed by a five-person Board of Commissioners. Commissioners serve four-year terms and are elected by citizens within 30 square miles of the Port district. The 360 berth marina, parking facilities, and a launch ramp were completed in 1964 with funding from the Department of Boating & Waterways. As demand for slips grew, the District constructed the North Harbor Expansion in 1973, with funding from the Department of Parks and Recreation and $5 million in State loans. Tenets of the loans required the SCPD to operate as a state or regional resource, so the District does not favor residents of Santa Cruz County in assigning berths. Today, the SCPD manages 1,000 berths, roughly 15 percent are occupied by commercial fishing boats, 35 percent pleasure power boats, and 50 percent are sailboats. Revenues at Santa Cruz total nearly $7.9 million, with $5.3 million from user fees and $1.5 million from business rents.

Commercial fishing in Santa Cruz is characterized primarily by small-scale operations. Earnings generated by commercial fishermen in 2013 were approximately $1.8 million.

In the past 15 years, the SCPD has seen upgrades and expansion in new slips and docks, upgraded power systems, new and improved recreational areas, and the erection of the Walton lighthouse at the West Jetty. SCPD has also instituted paid parking and has taken over management of the boatyard and haulout facility, operates a fuel dock, as well as maintaining and RV park with full hook ups. Generally, Santa Cruz operates as a government-owned business, covering nearly all of its operating costs from commercial enterprises. Capital improvements have been accomplished through State-backed debt financing, as well as public-private partnerships.

MOSS LANDING

Moss Landing is approximately 75 miles south of Pillar Point Harbor, halfway between Santa Cruz and Monterey. Moss Landing is home to Moss Landing Marine Laboratories (MLML), Monterey Bay Aquarium Research Institute (MBARI), Elkhorn Slough National Estuarine Research Reserve (ESNERR) and the PG&E natural gas power plant. The ESNERR is the area's primary tourist attraction, drawing over 40,000 visitors annually (personal communication, Elkhorn Slough Visitor's Center, December 2014).

Moss Landing Harbor District (District) was formed on June 22, 1943 and governed by a five-member Board of Commissioners who are elected to four-year terms by voters within the District. Harbormaster, Linda Mcintyre was quoted in the Monterey County Weekly as "having taken a six-figure budget that was in the red to $2 million in reserves in 12 years".

The District serves commercial and recreational fishermen, pleasure and sail boaters, eco-tourists, and residents in Monterey County and the greater Salinas areas. The District's total annual revenue is $2.8 million, $1.4 million of which is from assigned (non-temporary) berthing fees and approximately $526,000 from a diversity of business leases, including offices, retail, restaurants, and water sports outfitters.

Earnings generated by commercial fishing were approximately $7.5 million in 2013.

The District is currently engaged in more than a dozen capital projects, including major facilities repairs, tighter security measures, and a new restaurant. These complement the $4 million North Harbor Improvement Project, completed in 2007, which provides a new 4-lane launch ramp, new parking pavement, storm drains, a boat wash, a visitor-serving dock, and a public access wharf. (http://www.mosslandingharbor.dst.ca.us/about/history.htm). The final phase of the project is the implementation of the Monterey Bay Sanctuary Scenic Trail, funded by the Monterey County Regional Transportation Commission, linking Moss Landing to Monterey and Santa Cruz.

MBARI has released a three-phase General Development Plan to expand their current research facilities and construct a new dock house and pier replacement. MBARI has several postdoctoral positions and occasionally employs students from UCSC and MLML. They also have an annual 10-week summer internship for teachers and undergraduate and graduate students.

MLML is the largest research facility in the Monterey Bay with the largest research fleet and scientific diving program north of Scripps Institute in La Jolla and has been a graduate school for 45 years. The MLML research facility and graduate program in Marine Science supports seven California State Universities (CSU Fresno, Stanislaus, Sacramento, East Bay, San Francisco, San Jose, and Monterey Bay). Enrollment is typically 120 students, undergraduate and graduate. Currently, there is no local student housing, so the majority of students have no choice but to leave Moss Landing to seek housing. MLML plans to create student housing as part of their Sandholdt Center expansion (K. Coale, pers. comm.).

As Moss Landing the closest state beach for schools in Castroville and Salinas (the largest city on the Central Coast), local middle school and high school educational programs use Moss

Landing for coastal field trips. MLML's Teacher Enhancement Program trains middle school and high school educators in marine science curriculum. MLML also supports a wireless network throughout Elkhorn Slough to support California State University, Monterey Bay (CSUMB) educational efforts.

MONTEREY

Monterey Harbor is situated less than 100 miles from Pillar Point Harbor and is the next major port facility south of Moss Landing and Santa Cruz. From the time it served as a whaling station in the 1850s and the establishment of the Booth Cannery in 1902, the City of Monterey has relied on its waterfront for its identity and as a source of jobs and wealth generation. By the mid-1940s, Monterey had grown into a tourist destination with the Fisherman's Wharf serving as a prime attraction and offloading station for the commercial fishing industry.

Monterey Harbor and Marina is a designated department within the Monterey City government structure; it is not an independent harbor or port district, thus it does not operate on separate tax funds. According to Monterey City Code, the harbormaster has "full authority in the interpretation and enforcement of all rules and regulations affecting the Marina." His/her decision is final, "subject only to appeal to the Director of Community Services, City Manager and the City Council." (City of Monterey Municipal Code).

The main public facilities in the Monterey Harbor are Municipal Wharf 1 and 2, the marina, the Coast Guard Pier, and boat launch ramps. Municipal Wharf 1 caters to both visitors and residents. Municipal Pier 2 is oriented primarily to commercial fishing, tourism, aquaculture, fresh fish retail and recreational pier fishing. The Harbor has 493 slips and 190 moorings. A waiting list of over 500 names demonstrates the high demand for space there.

Total annual revenue for Monterey Harbor and Marina is $2.9 million dollars, the bulk of which comes from berthing fees and parking meters.

The commercial fishing industry in Monterey was more reliant on larger-scale trawl operations than Pillar Point Harbor and was hit especially hard by regulations imposed in the late 1990s and early 2000s. Current (2013) earnings at the dock were $7.6 million which places Monterey the 12th highest grossing port in California (behind Pillar Point's 6th position).

In 1995, the District implemented a new berthing allocation policy which requires vessel owners to occupy their berth for 30 months after being assigned one off the wait-list. If they then choose to lease it out, the new berthing fee is 50% more than the normal fee. This policy has mitigated "flipping" and has increased berthing fee revenue.

Monterey has a transient rent sharing program, in which a slip holder receives half of the fees collected by the Harbor when their slip is vacant and rented by a visiting/transient vessel. The Harbormaster claims that this has greatly enhanced communication with slip holders/tenants, who now alert the office ahead of time of their plans to travel.

An upgraded dry-storage boat yard for trailerable boats enables the harbor to host regattas.

The Harbor has been very active in the pursuit of grants, mostly from DBAW as well as National Fish and Wildlife Foundation, Central Coast Joint Cable Fisheries Liaison Committee, among others. The Harbor Division is currently pursuing a Wildlife Conservation Board grant of $450,000 to rebuild part of a pier, and had plans to apply for $500,000 in funding from the California State Coastal Conservancy to enlarge Municipal Wharf II for large truck turnarounds (Personal communication with District Staff). The City and commercial groundfish fishermen in Monterey are also working with conservation NGOs and various funding sources to establish a Community Quota Fund. The Wharf Expansion and the Community Quota Fund and were identified as top priorities in the Monterey Community Sustainability Plan that was approved unanimously by the Monterey City Council in October of 2013.

PORT SAN LUIS HARBOR DISTRICT

Port San Luis lies at the north end of San Luis Obispo Bay, over 200 miles south of Pillar Point Harbor. The Port San Luis Harbor District (PSLHD) administers the 8,400 acres of tideland that constitute the harbor. The District was created by general election in 1954, and is governed by a five-member Board of Harbor Commissioners. Board members serve four-year terms, meet on a monthly basis, and represent 71,000 constituents.

In 1984, the District was granted jurisdiction over 1,630 foot Avila Beach and 1,424 foot Harford Pier, the latter of which requires continual structural maintenance. Harford Pier is the central activity area of Port San Luis for commercial and recreational functions. It is home to two restaurants, three fish markets, and numerous historical plaques. The pier is also the main access point to moored and anchored boats (Port San Luis does not have berths or slips).

Facilities also include a boat launch serving vessels up to 15,000 pounds, a boatyard offering repairs and maintenance, a fuel facility with a12,000 gallon double-walled tank.

Like Monterey and Moss Landing, Port San Luis was heavily reliant on larger-scale trawl operations and hit hard by regulation in the 1990s and early 2000s. The fleet has been fairly successful in transitioning to a smaller scale profile, and has established a strong nearshore and live fishery. Commercial fishing earnings in 2013 were slightly less than $2 million.

Total non-operating revenue for PSLHD is $2.9 million, of which the largest portions derive from RV fees and business leases on Avila and Harford piers.

PSLHD has facilitated a financial turn-around since the mid-2000's. Much of the turnaround can also be attributed to PSLHD's management of paid parking in Avila Beach, expansion of RV fee revenues and the completion of a Port Master Plan process that lead to the San Luis Bay Area Plan and an update of the San Luis Obispo County Local Coastal Program. Financial turnaround of PSLHD is highlighted by the District's receipt of the "Distinguished Budget Presentation Award" for its 2014-2015 budget from the Government Finance Officers Association, a nonprofit organization representing public finance officials in the United States and Canada. PSLHD staff has also excelled in soliciting grant funding from a variety of sources to implement capital improvements associated with the Port Master Plan. PSLHD coordinated the Master Plan update efforts with California Coastal Commission, which paved the way for the development of Harbor Terrace RV, resort, and campground facility, a 32 acre parcel on PSLHD property that requires a Coastal Development Permit. The new development is slated to accommodate approximately 180 RVs, cabins, tent campsites and 16,000 square feet of visitor-serving commercial uses. In order to initiate the project, PSLHD entered into a standard-setting revenue sharing agreement with California State Coastal Conservancy to fund the $400,000 entitlement process that will secure the Coastal Development Permit. PSLHD entered into an exclusive negotiating rights agreement with a developer / operator for the facility in December 2014 and construction is expected to begin in late 2015 or early 2016, and PSLHD will realize the projected added income generation a year or two thereafter.

KEY TAKEAWAYS

Key Takeaways are a summary of the characteristics that have contributed to the performance and sustainability of each of the regional ports, and as such, may inform decision makers at the SMCHD. They include expansion of harbor facilities, expansion in the number of visitor serving businesses, paid parking, RV accommodations/increased RV accommodations, development of a museum, aquarium or educational center, expansion/inclusion of marine research facilities, collaboration with local educational institutions for field education opportunities, continued/increased pursuit of grant funding, integrating facility expansion/improvement alternatives into planning documents and coordination with the Californian Coastal Commission once strategies are confirmed. The feasibility of some these potential revenue enhancement strategies for SMCHD will need additional analysis and will be considered as part of the Strategic Business Plan.

SANTA CRUZ PORT DISTRICT, KEY TAKEAWAYS

SCPD boasts a 1,200 berth marina and 57 visitor serving businesses, the greatest of the regional ports, as well as paid parking, a boatyard and haulout facility and RV Park (both managed by the Santo Cruz Port District (SCPD)), and dry storage for 275. These revenue-generating enterprises enable the SCPD to operate with little relative tax revenue (see Financial Comparison). The fact that SCPD serves a larger market, should be considered by SMCHD when assessing alternatives to boost the performance and financial sustainability.

MOSS LANDING HARBOR DISTRICT, KEY TAKEAWAYS

Moss Landings Harbor District has done an excellent job turning around its finances and attracting federal and regional funding to support capital projects, such as a FEMA grant funding tsunami erosion repair. The commercial fishing industry however, has been hit hard by increased regulation, inexpensive foreign imports and shifts in consumer preferences. There is now only one commercial fish offloader in the Harbor and the commercial fishing association is all but defunct. The privately held boatyard, Gravelle's, has struggled with environmental regulation, has diminished operations and is for sale. Marine research and educational facilities, MBARI and MLML present the industries with longevity and diverse funding sources that will continue to and grow in benefit to the Harbor District and complement the services the District offers, such as slips and moorings, commercial fishing infrastructure, parking, showers, laundry, eco-tourism opportunities and regional attractions like the ESNERR.

MONTEREY HARBOR, KEY TAKEAWAYS

Monterey Harbor has been successful and benefitted greatly from synergies between a working waterfront identity and tourism. According to the Monterey County Business Council's Competitive Clusters Status Report 2010-2011, the top three tourist attractions in Monterey County's $2 billion, 8 million visitor, and 20,000-job tourism industry are Cannery Row, the Monterey Bay Aquarium and Fisherman's Wharf. Monterey is a global tourist destination, people come to visit the working waterfront and value the historical and cultural heritage of the fishing industry as well as the scenic beauty, Monterey Bay Aquarium, and diversity of restaurants.

The Monterey brand is successful, consistent, well defined and widely known. Monterey is in an incredibly advantageous position with a well-established and valuable identity.

PORT SAN LUIS, KEY TAKEAWAYS

PSLHD has excelled in identifying needs in the market, and revenue generating opportunities, such as and low-cost overnight visitor serving uses and expansion of RV fees and coordinating with the California Coastal Commission as to approve/certify these expansions alternatives into key planning policy documents (LCP that incorporates specific language from the Port Master Plan). This strategic approach has facilitated the development of Harbor Terrace, a potentially significant revenue generating project, and the funding support from the State Coastal Conservancy. The PSLHD has also excelled in attracting grant funding from a variety of sources including, the San Luis Obispo Council of Governments, Central Coast Joint Cable Fisheries Liaison Committee, Department of Boating and Waterways.

6.3 FINANCIAL COMPARISON

This Section shows how SMCHD compares to Santa Cruz Harbor, Moss Landing, Monterey Harbor, and Port San Luis in terms of revenues, expenses, and operations. While the ports are different sizes, located in different markets, have different infrastructure, and provide different services, this Section is intended to provide a relative comparison of the components that make up their operations and financial statements to inform SMCHD decision makers and to identify opportunities to improve the performance of the District.

Table 6.1 shows total revenue, visitor serving businesses, slip and mooring capacity, and staffing (full time equivalents – FTE) to provide a snapshot of how SMCHD relates to the other ports in terms of size and existing services. As the Table shows, total revenue in the SMCHD of approximately $8.9 million outpaces the other ports. While total FTE's (27.5) are similar to Santa Cruz, they are less than Port San Luis, which has lower revenues than SMCHD. (Pillar Point Harbor and Oyster Point Marina Park are listed separately in the tables below, as they are geographically separated and serve different markets.)

TABLE 6.1: REGIONAL HARBOR/PORT COMPARISON

Harbor/Port	Total Revenue	Visitor Serving Businesses	Slips & Moorings	Staff FTE
SMCHD – Pillar Point Harbor	$ 4,934,450[1]	18	444	14.75[2]
SMCHD – Oyster Point Marina Park	$ 3,971,100[1]	10	455	12.75[2]
Santa Cruz Harbor, Santa Cruz	$ 7,884,775	57	1,200	25.67
Moss Landing, Monterey	$ 2,827,049	18	609	NA
Monterey Harbor, Monterey	$ 2,909,307	35	603	NA
Port San Luis, San Luis Obispo	$ 4,574,500	19	413	31.75

Notes:
NA = Not available
1. Distributes non-operating revenue (County tax and other) evenly across Pillar Point and Oyster Point.
2. Distributes Administrative Staff and Harbor Commission FTE evenly across Pillar Point and Oyster Point.
SOURCE: FISCAL YEAR 2014/15 FINANCIAL BUDGETS, CDFW, AND DISCUSSIONS WITH STAFF

Table 6.2 provides a more detailed comparison of 2014/15 budgets across selected harbors and ports. As illustrated in the Table, SMCHD (Pillar Point and Oyster Point) receives the largest amount of taxes and other government revenue (57% of revenue). However, Port San Luis (PSL) also receives a significant amount of other government revenue relative to its size (62% of PSL revenue is property tax).

Santa Cruz is run almost entirely on enterprise revenue, although it has received significant contributions from grants and retains significant debt from a series of loans and bonds for capital investments. Port San Luis Harbor District has proved exceptionally capable at recruiting grant funding and pursuing creative public-private and public-public partnerships.

TABLE 6.2: REGIONAL HARBOR FINANCIAL FY2014/15 BUDGET SUMMARY COMPARISON

<table>
<tr><th>Harbor</th><th>Operating Revenue[1]</th><th>Taxes / Govt. Revenue</th><th>Expenditures[2]</th><th>Capital Expenditure</th><th>Grants</th><th>Outstanding Debt</th><th>Annual Debt Service</th></tr>
<tr><td>Pillar Point Harbor</td><td>$ 2,375,800</td><td rowspan="2">$ 5,050,000</td><td>$ 4,296,137[3]</td><td rowspan="2">$ 545,933</td><td rowspan="2">$ 60,000</td><td rowspan="2">$ 5,933,269</td><td rowspan="2">$ 1,393,093</td></tr>
<tr><td>Oyster Point Marina</td><td>$ 1,412,450</td><td>$ 3,312,410[3]</td></tr>
<tr><td>Santa Cruz Harbor</td><td>$ 7,829,775</td><td>$ 55,000</td><td>$ 6,087,622</td><td>$ 149,500</td><td>$ 1,479,227</td><td>$ 16,803,000[4]</td><td>$ 1,546,043</td></tr>
<tr><td>Moss Landing</td><td>$ 2,318,559</td><td>$ 488,490</td><td>$ 3,074,667</td><td>$ 4,932,742</td><td>$ 741,417</td><td>$ 4,861,543</td><td>$ 496,000[5]</td></tr>
<tr><td>Monterey Harbor</td><td>$ 2,753,747</td><td>$ - [6]</td><td>$ 2,506,048</td><td>$ 195,758</td><td>$ 45-$500K</td><td>$ 2,843,717[7]</td><td>$ 257,774[7]</td></tr>
<tr><td>Port San Luis</td><td>$ 1,714,000</td><td>$ 2,839,500</td><td>$ 4,276,500</td><td>$ 209,700</td><td>$ 574,000</td><td>NA</td><td>NA</td></tr>
</table>

Notes:
1. Operating and all other revenue except from taxes or government sources.
2. Includes operating expenses, depreciation, and interest payments on debt, as applicable.
3. Administrative and Harbor Commission costs distributed equally across Pillar Point & Oyster Point.
4. Santa Cruz Debt includes loans from DBW for $14.4 million, as well as Bonds for $2.4 million. Santa Cruz debt service payments on CMIA bonds are to be made from funds held in escrow as part of FY14 debt refinance.
5. Approximate amortization payment through 2017/18. Debt service payments increase in varied amounts through life of loan (2031). Taken from 2011-13 Audited Financial Statements.
6. Harbor Department receives revenue from General Fund, however budget indicates this revenue is derived from enterprise services.
7. State of California Small Craft Harbor loan identified in 2013 City of Monterey Comprehensive Annual Financial Statement. Annual debt service payment assumed to equal FY 2013/14 payment.

SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

REVENUES

Tables 6.3 and 6.4 present a comparison of revenues streams budgeted for fiscal year 2014/15. Revenue streams vary across each port/harbor, in part due to size, historical origins, structures and land uses, commercial fishing activity, and jurisdictional structure. Of the ports selected, SMCHD is the largest in terms of revenue and expenditures and is in the unique position of operating two geographically separated harbors.

Of note, Port San Luis RV and government tax revenue are much larger contributors to revenue streams than other ports / harbors on a percentage basis. SMCHD lacks paid parking and direct RV revenue (the RV facility in the Harbor District is operated on a lease). In addition, business lease/rents are lower than the other ports as a percentage of total revenue.

TABLE 6.3: REGIONAL HARBOR/PORT FY 2014/15 BUDGET REVENUE COMPARISON

Harbor	Business Lease Rents	Parking	RV	Berthing and Mooring	Transient Boat Fees	Liveaboards	Taxes / Govt. Revenue Sources	Other
Pillar Point Harbor	$ 433,000	$ -	$ 35,000	$ 1,707,500	$ 81,720[1]	$ 93,362[1]	$ 5,050,000	$ 22,600 (Events)
Oyster Point Marina	$ 235,000	$ -	$ -	$ 1,098,400	$ 55,077	$ 151,649		$ -
Santa Cruz	$ 1,475,000	$ 274,366	NA[2]	NA[2]	NA[2]	NA[2]	$ -	$ -
Moss Landing	$ 496,003	$ -	$ 29,802	$ 1,673,104	$ 57,500	$ 100,000	$ 100,000	$ 93,000 (Events)
Monterey	$ 240,540	$ 995,000	$ -	$ 1,354,000	$ 21,560	$ 25,000	NA	$ 35,000 (Cruise Ships)
Port San Luis	$ 413,100	$ 362,000	$ 671,000	$ 125,200[4]	NA[4]	$ -	$ 2,839,500	$ 2,200 (Events)

Notes:
1. Transient boat fees and liveaboards in District budgets are included in Berth and Mooring fee totals. For comparison purposes, historical proportions of these fees have been used to estimate fees.
2. Itemized revenues not available. Revenues combined in $5.3 million revenue identified as "User Fees."
3. Intergovernmental revenues include County of Santa Cruz funds for marine rescue services and waste oil recycling.
4. Includes $1,000 from open anchorage fees as well as transient vessels paying for guest moorings, which may be characterized as Transient Boat Fees.

SOURCE: LWC AND SAN MATEO COUNTY HARBOR DISTRICT

TABLE 6.4: REGIONAL HARBOR/PORT FY 2014/15 BUDGET REVENUE COMPARISON

Harbor	Business Lease Rents	Parking	RV	Berthing and Mooring	Transient Boat Fees	Liveaboards	Taxes / Govt. Sources
Pillar Point Harbor	4.9%	0.0%	0.4%	19.2%	0.9%	1.0%	56.7%
Oyster Point Marina	2.6%	0.0%	0.0%	12.3%	0.6%	1.7%	0.0%
Santa Cruz	18.7%	3.5%	NA	NA	NA	NA	0.7%
Moss Landing	17.5%	0.0%	1.1%	59.2%	2.0%	3.5%	17.3%
Monterey	8.3%	34.2%	0.0%	46.5%	0.7%	0.9%	0.0%
Port San Luis	9.0%	7.9%	14.7%	2.7%	NA	0.0%	62.1%

Notes: See Table 6.3 above.

SOURCE: LWC AND SAN MATEO COUNTY HARBOR DISTRICT

Table 6.4 shows the number of business leases, annual rents, and lease rates. While some port leases are structured as a percentage of revenue, others are based on square footage. Structuring leases based on square footage provides a generally consistent revenue stream to the port. Leases based of revenue could fluctuate based on seasonal demand and macro-economic trends. However, they allow small businesses to manage cash flow and provide an opportunity for ports to share in upward markets.

[Insert here a discussion of SMCHD lease rates upon clarification of information from SMCHD staff.]

TABLE 6.5: REGIONAL HARBOR BUSINESS LEASE COMPARISON

Harbor/Port	Business Leases	Annual Rents from Business Leases	Percent of Total Revenue	Lease Rates
Pillar Point Harbor[1]	10	$ 433,000	4.9%	TBD
Oyster Point Marina[1]	4	$ 235,000	2.6%	TBD
Santa Cruz	57	$ 1,475,000	18.7%	Median rent: $2.40/SF
Moss Landing	18	$ 496,003	17.5%	$1.40-$1.43/SF
Monterey	35	$ 240,540	8.3%	2-4% of revenue
Port San Luis	19	$ 413,100	9.0%	4.5-15% of revenue

Notes:
1. This Table does not include businesses utilizing District facilities with commercial activity permits.
2. There are two direct leases to SMCHD Harbor District at Oyster Point Marina Park: one lease to Sherenstein Development includes sub leases to three businesses.
SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

WHARFAGES

In the commercial fishing industry, wharfage is an assessment charged to tenants based on the amount and/or type of seafood landed and the value of seafood brought to the facility by other means (truckage fee). Leases at the three fish handling facilities on Johnson Pier run $2,575 per month for five years with two five-year renewal options. Wharfage fees are $0.01 to $0.05 per pound for finfish and $8.00 to $10.00 per ton for wetfish. These fees are levied on fishbuyers and offloaders on Johnson Pier and for reporting purpose, are included in their lease payments (presented in Table 6.5 above). The fuel and ice facility monthly lease is approximately $2,000 and there appear to be no additional fees.

Other fees levied by SMHCD are fish sale permits ($250/permit) for the direct sale of seafood and passenger fees for party boats/CPFV ($2.25 per passenger).

BERTHS AND SLIPS

The San Mateo County Harbor District has 797 slips – 369 at Pillar Point and 428 at Oyster Point. An indicator of regional demand for slips is the number and types of vessels on the waitlist, as well as the fee to remain on the waitlist. Pillar Point Harbor has a relatively small waitlist, which demonstrates that supply and demand, under the current configuration of infrastructure and services are balanced. Oyster Point is the only marina on the list to have vacant slips. Currently, there is 38 percent vacancy in Oyster Point. In discussions with stakeholders in Oyster Point Marina/Park, representatives from the City of South San Francisco and Harbor District staff, the vacancy is fueled, in part, by limits on the number or percentage of live aboards permitted (San Francisco Bay Conservation and Development Commission).

TABLE 6.6: REGIONAL HARBOR SLIP DEMAND WAITLISTS AND VACANCY

Harbor	Total Slips	Waitlist (Active)	Waitlist (Standby)	Longest Waitlist	Availability	Initial WL Fee	Annual WL Fee
Pillar Point Harbor	369	9	NA	30', 9 slips 35' XX slips	All except 30' & 35'	$25	$25
Oyster Point Marina	428	Vacant Slips[1]	None	26'	all except 26'	$25	$25
Santa Cruz	1,200	418	534	30', 122 slips	-	$100	$100
Moss Landing	609	17	No standby waitlist	30', 14 slips	20', 40', 60'	$75	$75
Monterey	413	585-slips / 74-moorings	236-slips / 25-moorings	30', 196 slips	None	$20	$10
Port San Luis[2]	0	NA	NA	NA	Yes. Moorings	$100	$50

Notes:
NA: Not Applicable
1. Slips at Oyster Point are currently (2014) 62 percent occupied.
2. Port San Luis only offers moorings. Boaters may pay for construction of mooring, purchaser owns it.
SOURCE: LWC AND SAN MATEO COUNTY HARBOR DISTRICT

EXPENDITURES

Table 6.7 shows total expenditures, salaries/benefits, and capital expenditures across the ports. Total expenditures for SMCHD ($6.9 million) are lower than Santa Cruz even though SMCHD revenues are higher than Santa Cruz. In addition, salaries and benefits track closely to Santa Cruz.

TABLE 6.7: REGIONAL HARBOR/PORT PAYROLL AND CAPITAL AND TOTAL EXPENDITURES COMPARISON

Harbor/Port	Total Expenditures	Salaries & Benefits			Capital Project Expenditures*
		Total	FTE	% of Total	
Pillar Point Harbor[1]	$ 3,759,902	$ 1,825,219	14.75[2]	48.5%	$ 520,933
Oyster Point Marina[1]	$ 3,161,192	$ 1,310,622	12.75[2]	41.5%	$ 25,000
Santa Cruz	$ 7,884,775	$ 3,091,361	25.67	39.2%	$ 149,500
Moss Landing	$ 2,827,049	$ 698,000	NA	24.7%	$ 4,932,742
Monterey	$ 2,909,307	$ 316,472	NA	10.9%	$ 195,758
Port San Luis	$ 4,574,500	$ 2,077,100	31.75	45.4%	$ 209,700

Notes:
1. Includes Cal DBW Interest Expense, Depreciation & Certain Maint. Repairs/Equip.
2. Distributes 9 Administrative staff FTE equally across each harbor. Includes Commission at 0.1 FTE per commissioner (5).
SOURCE: SAN MATEO COUNTY HARBOR DISTRICT

6.4 Private Marinas and Harbors

San Mateo County is home to other public and private marinas and harbors. Table 6.8 identifies other marinas and harbors in San Mateo County, totaling nearly 2,200 slips. A significant part of demand for slips on the coast is a result of the commercial and recreational fishing activity, which private marinas do not have the infrastructure to support. At Oyster Point, however, demand for slips is driven largely by boat owners seeking access to the Bay and those who wish to live on their boats.

In addition, factors on the desirability of harbors are largely driven by the quality and maintenance of docks, the provision of ancillary services, such as power, water, pumpouts, laundry and shower facilities, security, as well as favorable weather.

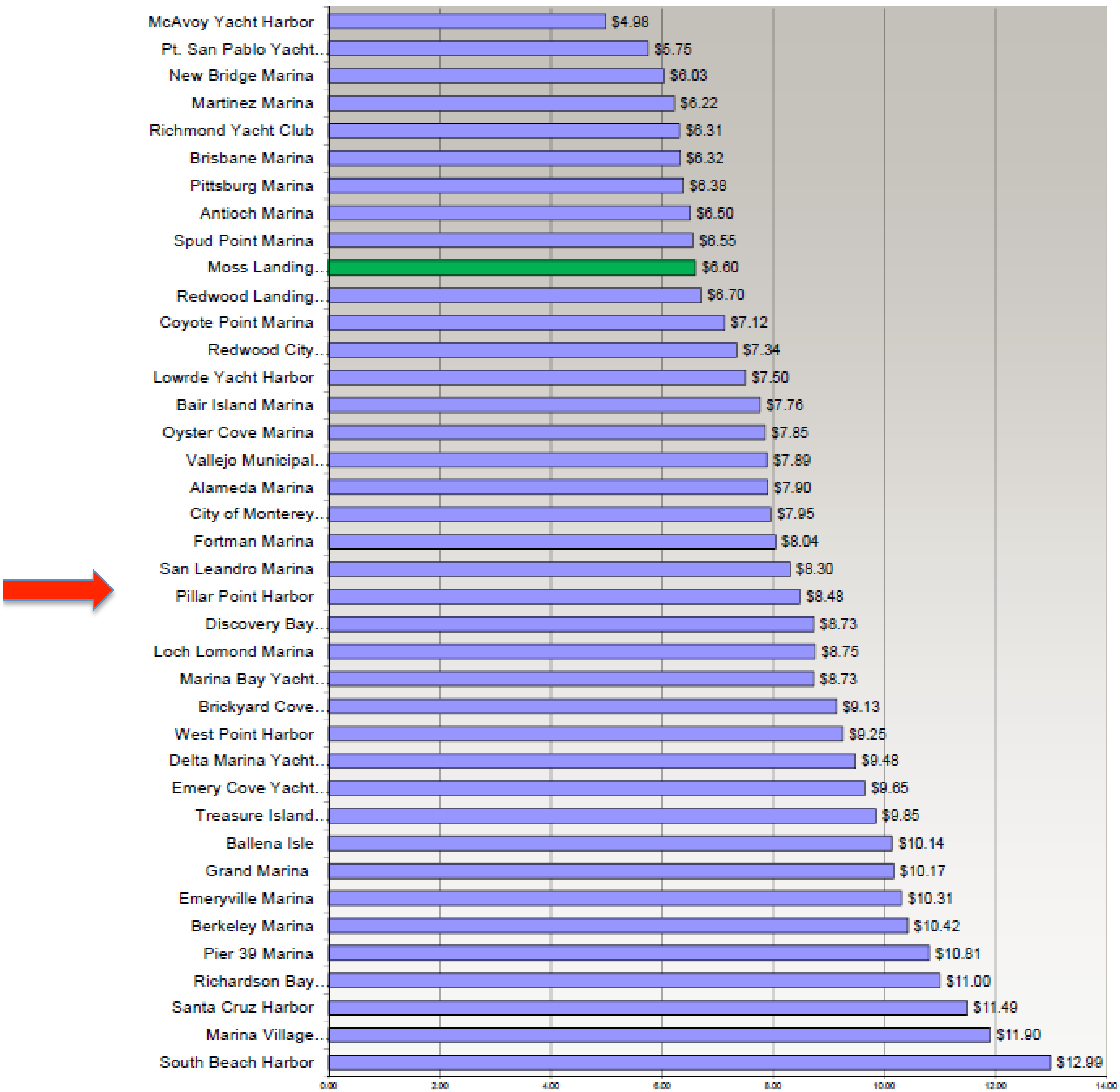
Table 6.8: San Mateo County Marinas

Port/Harbor/Marina	Number of Berths/Slips
Port of Redwood City (Public)	190
Redwood Landing Marina	43
Coyote Point Marina (Public)	565
Brisbane Marina (Public)	580
Oyster Cove Marina	219
Pete's Harbor[1]	64
Bair Island Marina	95
Downtown Marina	145
Westpoint Harbor	277
Total	**2,178**

Notes:
1. Pete's Harbor was recently sold to Paul's Corporation that proposes to develop the property into an upscale waterfront community with 411 luxury apartments and 64 slips.

Table 6.9 shows that Pillar Point ($8.48) slip fees are in the mid-range relative to others in the Bay Area. Single finger dock berthing fees at Oyster Point Marina Park range between $210 and $440 per month. While the survey below did not include Pillar Point, according to District staff, prices at both locations have remained in near Bay Area median prices for the past decade.

TABLE 6.9: BAY AREA SLIP FEE COMPARISON



SOURCE: COYOTE POINT MARINA SURVEY OF SAN FRANCISCO BAY AREA MARINA BERTH RATES (MARCH 2013)

6.5 Boatyard-Haulout Facilities

Vessel owners typically haul their boats out of the water on a regular basis (one or two years) to clean and paint (anti fouling) the bottom, replace zincs, and conduct minor maintenance. Vessel owners also typically undertake more extensive work every four of five years. Because there is no boatyard or haulout in Pillar Point or Oyster Point, vessel owners travel to other facilities in San Francisco Bay or on the Coast.

A boatyard-haulout facility has been identified by the commercial fishing industry as a top priority at Pillar Point Harbor (See Fishing Community Sustainability Plan, Appendix C). Input from stakeholders at Oyster Point have also indicated a similar desire boatyard and haulout facility.

> Services engaged in a boatyard and haulout facility include water, water/soda blast, painting, welding and fabrication, rigging, carpentry, diesel mechanic, and electric/electronic system installations and repairs.

It is likely that local vessel owners would utilize a local facility if one were available. The number of vessel owners, services available and price, and the ability to work on one's boat would influence demand. However, a 2007 study by Dornbusch Associates determined that there was insufficient demand to support such a boatyard and haulout facility at Pillar Point.

SMCHD may reevaluate whether local vessel ownership and the 2,187 slips in the County (mostly on the Bay) would support a facility at either location. This could start with a comprehensive survey of vessel owners, how often they undertake maintenance haulouts, how often the engage in major overhauls, and how much they spend, where they currently take their boats, and why.

6.6 Tourism and Visitor Spending

Tourism and visitor spending is a significant contributor to California's coastal economy and an important part of a vibrant working waterfront. In a 2007 poll of over 800 California residents, 71 percent of respondents agreed that they seek out and enjoy going to working waterfronts (California Residents' Opinion on and Attitudes toward Coastal Fisheries and their Management, Responsive Management, 2007). Consequently, visitor serving uses are key component to the long term financial outlook of ports and harbor districts, as well as in the diversification of income.

Table 6.10 indicates that San Mateo County has strong visitor spending, on par or better with known tourist destination counties in California, notably Monterey. Furthermore, visitor spending within San Mateo County is significantly higher than in Santa Cruz, which derives a much higher portion of revenue from leases. Through research in case study ports, it was reported that there have been no vacancies in visitor-serving use leases, and that these businesses have been seeking to expand or grow.

Visitor-serving uses may be broadly categorized into recreational activities, overnight accommodations, retail and dining services, and support facilities such as parking. Each of these is briefly described below.

Recreational Activities

Non-motorized boating in harbors and marinas is an expanding recreational activity and includes stand-up paddle boarding, rowing, and kayaking. Other recreational activities include fishing off piers and breakwaters, wildlife viewing, kite flying, cycling, and jogging/walking. Oyster Point is considered a "high opportunity site" for the San Francisco Bay Area Water Trail, a network of launch and landing sites for human-powered boats and beachable sail craft.

Overnight Accommodations

The shortage of overnight accommodations, especially lower cost accommodations, was clearly documented in a December 12, 2014, public workshop hosted by the California Coastal Commission that addressed the topic of Low Cost Overnight Visitor Accommodations. RV and campsite spaces are especially lacking along the Coast.

Retail and Dining Services

Retail and food service supports nearly all activities in the port and attracts visitor spending. Direct sales of seafood off the boat in Pillar Point Harbor provides an advantage for commercial fishermen and the Harbor District and is discussed in detail in the Pillar Point Harbor Fishing Community Sustainability Plan (Appendix C).

Parking

Parking is provided largely at no cost on Pillar Point and Oyster Point facilities. Demand for parking will increase as recreational activity, dining, commercial fishing and retail uses expand.

Table 6.10: Tourism and Visitor Spending Comparison

		County-wide Visitor Spending				
Harbor	County	Visitor Spending - Accommodations	Visitor Spending - Food & Beverage	Visitor Spending- Retail Sales	Total Visitor Spending	Change in Spending, '08-'12
San Mateo County Harbor District	San Mateo	$ 536,000,000	$ 666,000,000	$ 419,000,000	$ 2,943,000,000	10.2%
Santa Cruz Harbor	Santa Cruz	$ 157,400,000	$ 199,800,000	$ 125,800,000	$ 716,700,000	10.3%
Moss Landing	Monterey	$ 521,000,000	$ 704,000,000	$ 477,000,000	$ 2,272,000,000	6.6%
Monterey	Monterey	$ 521,000,000	$ 704,000,000	$ 477,000,000	$ 2,272,000,000	6.6%
Port San Luis	San Luis Obispo	$ 301,000,000	$ 378,000,000	$ 263,000,000	$ 1,318,000,000	13.9%

Source: Dean Runyan Associates, prepared for the California Travel & Tourism Commission