



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: March 4, 2013

IBA Report Number: 13-11

Rules & Economic Development Committee Date: March 6, 2013

Item Number: 2a

Comparative Information about California Port District Commissioners

OVERVIEW

In a memorandum to the City Clerk dated January 18, 2013 (Attachment 1), the Mayor cited four reasons for returning the appointment of two City of San Diego representatives to the San Diego Unified Port District Board to the City Council. The Mayor called for a workshop, with input from stakeholders, to develop a set of goals and objectives for the City's waterfront. Additionally, the Mayor suggested the City Council review the process for Port Commissioner appointment and consider developing minimum qualifications, a common application and reporting requirements.

On February 6, 2013, Council President Pro Tem Sherri Lightner issued a memorandum (Attachment 2) indicating her intention to schedule a workshop at the Rules and Economic Development Committee on March 6, 2013 to address issues raised in the Mayor's memorandum. In an effort to provide additional information for Committee consideration, Chair Lightner requested the IBA research codified Port Commissioner appointment parameters and reporting requirements at the other port districts in California. Including San Diego, California has eleven port districts.

The IBA has obtained information from port officials at each of California's port districts. This report highlights summary information for each port, comments on the findings and offers concluding comments in response to the direction to our office.

FISCAL/POLICY DISCUSSION

Summary Information for California's Other Ten Ports:

Information for each California port except the Unified Port of San Diego is summarized in the sections that follow. Key organizational elements of this information is presented in a comparison matrix (Attachment 3).

Port of Hueneme – Oxnard Harbor District

Established: This independent special district was created in 1937 under authority of an act of the legislature of the State of California which provides for the formation of Harbor Districts.

Member Agencies: (2) City of Oxnard; City of Port Hueneme

Elected Commissioners: (5) Commissioners serve 4-year terms with no term limits and receive \$600 per month compensation and expense reimbursement.

Appointment Process: Commissioners are elected by the citizens of the Oxnard Harbor District which includes Oxnard, Port Hueneme and a few unincorporated areas.

Commissioner Qualifications: No codified requirements. Commissioners must be registered voters and residents of either Oxnard or Port Hueneme.

Board Reporting Requirements: No codified requirements. However, as an independent special district, the Harbor District periodically solicits participation from city and county officials (i.e., in their Strategic Planning processes). They will also make presentations upon request.

Written Performance Assessment: No codified requirements. The Harbor District establishes their “core priorities” through a “visioning” process. These priorities are ultimately evaluated.

Overview:

The Port of Hueneme is one of the Nation’s busiest banana importing ports and is in the nation’s top ten ports for automobile imports. This port moves about \$7 billion in total cargo each year.

Humboldt Bay Harbor District

Established: The California State Legislature passed the Humboldt Bay Harbor, Recreation and Conservation Act in 1970, and the “specially created district” was ratified by the Humboldt County electorate in 1973, officially establishing the port.

Member Agencies: (1) Humboldt Bay Harbor District

Elected Commissioners: (5) Commissioners serve staggered 4-year terms with no term limits. They may receive up to \$600 per month in compensation as well as an expense reimbursement contingent upon the port’s gross income being in excess of \$20,000.

Appointment Process: Commissioners are elected by five Harbor District Commission divisions within the Humboldt Bay Harbor District. These divisions share the same boundary lines as the Humboldt County Supervisorial Districts.

Commissioner Qualifications: No codified requirements. Commissioners must meet candidate requirements which include being a resident of the division in which they are running for election.

Board Reporting Requirements: No codified requirements. They operate and are elected as an independent body and are not specifically obligated to report to the Humboldt County Board of Supervisors.

Written Performance Assessment: No codified requirements. They assess their performance internally.

Overview:

The Humboldt Bay Harbor District has a variety of purposes which include recreation, conservation, research and database collection and aquaculture. The District also oversees and promotes many port development projects and programs which include dredging; retention and development of commercial fishing facilities; other transportation improvement projects; Pilotage licensing and professional growth program; Oil Spill Co-op coordination; erosion control and shoreline protection projects; port marketing and mariculture.

Port of Long Beach – Harbor Commission

Established: The 1911 Tidelands Grant gives the City of Long Beach the right to manage and develop the Harbor District for the sole purposes of commerce, navigation, fisheries and recreation. In 1931 the Long Beach City Charter was amended to create a Harbor District, a Board of Harbor Commissioners and a Harbor Department to control and manage the Harbor District.

Member Agencies: (1) City of Long Beach

Commissioners: (5) Commissioners may serve up to two 6-year terms. They receive \$100 compensation per meeting and an expense reimbursement for port business.

Appointment Process: Commissioners are appointed by the Mayor and confirmed by the Long Beach City Council. All applicants submit a common application and the Mayor interviews each candidate before making an appointment recommendation.

Commissioner Qualifications: No codified requirements. However, the Mayor often seeks candidates with port knowledge and/or experience.

Board Reporting Requirements: No codified requirements. Briefings are provided, informally or upon request, to the Mayor and City Council. Scheduled briefings will typically involve senior port staff and 1-2 commissioners so as not to violate the Brown Act. If a briefing is proactively offered to one Councilmember, then it is offered to all.

Written Performance Assessment: No codified requirements. Port staff has budgetary goals and performance objectives.

Overview:

The Port of Long Beach is the second busiest port in the United States, with more than \$150 billion worth of goods moving through the port annually. They move a variety of cargo including specialized terminals which move petroleum, automobiles, cement, lumber, steel and other products, in addition to terminals which accommodate cruise ships.

Port of Los Angeles – Harbor Commission

Established: The Port of Los Angeles was founded in 1907. The State conveyed tidelands trust grant to the City of Los Angeles.

Member Agencies: (1) City of Los Angeles. The port is encapsulated in the 15th Council District.

Commissioners: (5) Five Commissioners may serve 5-year terms with no compensation. All applicants are required to submit a common application. They are appointed by the Mayor and confirmed by the Los Angeles City Council. Their terms are limited to eight years if reappointed, as a new Mayor typically appoints new commissioners.

Commissioner Qualifications: No codified requirements. Los Angeles mayors have tended to prefer candidates with a business background. One commissioner position typically represents labor.

Board Reporting Requirements: No codified requirements. Commissioners meet informally with the Mayor and Council (particularly the Councilmember from the 15th District).

Written Performance Assessment: No codified requirements.

Overview:

The Port of Los Angeles is the number one port in the U.S. ranked by container volume. The port handles a cargo value of around \$273 billion and has a variety of terminals including automobile, breakbulk, container, dry and liquid bulk and passenger terminals to accommodate cruise ships. Recreation activities are also available at the Port's waterfront, including two historic U.S. Naval ships open for public tours, a newly added craft marketplace that features local artists and designers, and various waterfront parks and attractions.

Port of Oakland – Board of Port Commissioners

Established: The Port of Oakland was founded in 1927. The majority of the Port's land was granted by the State decades ago, subject to the public trust, which requires that the land be used for statewide public purposes, including commerce, navigation, fisheries and other recognized uses. The port acts as trustee on behalf of the State for all port property.

Member Agencies: (1) City of Oakland

Commissioners: (7) Commissioners serve 4-year terms with no term limits and are not compensated.

Appointment Process: Commissioners are nominated by the Mayor and appointed by the Oakland City Council.

Commissioner Qualifications: No codified requirements. Commissioners must live in Oakland during their term.

Board Reporting Requirements: No codified requirements. Commissioners provide briefings when requested by Mayor or City Council.

Written Performance Assessment: No codified requirements.

Overview:

The Port of Oakland loads and discharges more than 99% of the containerized goods moving through Northern California, and has ten container terminals and two intermodal rail facilities which serve its waterfront. Oakland's cargo volume makes it the fourth busiest container port in the United States.

Port of Redwood City – Port Commission

Established: The voters of Redwood City approved a City Charter amendment to establish a Port Department in 1936, and the Board of Commissioners first met in 1937.

Member Agencies: (1) Redwood City

Commissioners: (5) Commissioners serve 4-year terms with no term limit, and are not compensated.

Appointment Process: Commissioners are interviewed and appointed by the City Council following a formal application process.

Commissioner Qualifications: No codified requirements. The City Charter requires Commissioners to be a current resident and to have been continuously been a resident and elector

of Redwood City for three years immediately preceding appointment. Informally, they may seek individuals who have business experience.

Board Reporting Requirements: The Redwood City Charter states that the Port Commission must annually report on the preceding year's activities and accomplishments and inform of future plans and objectives at a meeting designated by the City Council. Additionally, the files of the Commission remain open to inspection by the City Manager and the Council and the Commission is responsible for furnishing them with a copy of their meeting minutes within two days of adjournment.

Written Performance Assessment: No codified requirements. Per the City Charter, the Commission reports on the past year's activities and accomplishments, as previously described.

Overview:

The Port of Redwood City is the only deepwater port in South San Francisco Bay, and specializes in bulk, neo-bulk and liquid cargos.

Port of Richmond

The Port of Richmond does not have a Port Commission. Their port is operated by city staff and its policies and actions are determined by Richmond's City Council.

Port of San Francisco – Port Commission

Established: In 1968 the State transferred responsibility for the Port to San Francisco through the Burton Act. The port is a department of the City & County of San Francisco but receives no financial support.

Member Agencies: (1) City & County of San Francisco

Commissioners: (5) Commissioners serve 4-year terms with no term limits. They are compensated \$100 per month.

Appointment Process: Commissioners are appointed by the Mayor and confirmed by the Board of Supervisors.

Commissioner Qualifications: No codified requirements. They must be a resident and registered to vote. An informal understanding exists between the Mayor and Board of Supervisors that the Port Commission should have varied representation from commissioners with certain qualifications/experience (labor, finance, legal, real estate). They do not utilize a common application, but candidates are asked to provide a resume and a statement of interest.

Board Reporting Requirements: The San Francisco Charter requires the Commission to prepare an annual report describing its activities and transmit it to the Mayor and the Board of Supervisors.

Written Performance Assessment: No codified requirements. The Mayor's Director of Appointments tracks Commissioner attendance.

Overview:

The Port of San Francisco is responsible for promoting maritime commerce, navigation, and fisheries; restoring the environment; and providing public recreation. Although cargo shipping and ship repair are present at this port, its commercial maritime operations located on the northern waterfront draw millions of visitors per year.

Port of Stockton – Port Commission

Established: The Port of Stockton opened in 1933 as the first inland seaport in California.

Member Agencies: (2) City of Stockton; San Joaquin County

Commissioners: (7) Four commissioners are appointed by the Stockton City Council and three by the San Joaquin County Board of Supervisors. They serve a 4-year term with no term limit, and receive no compensation.

Commissioner Qualifications: No codified requirements. Commissioners must have resided in the Port District at least one year prior to appointment and be a taxpayer. Both San Joaquin County and the City of Stockton have a general application they use when appointing commissioners.

Board Reporting Requirements: No codified requirements. Commissioners may initiate reports periodically to their appointing authority, however there is no specific requirement.

Written Performance Assessment: No codified requirements. The port staff keeps a record of Commissioner attendance, and in the past that information has been requested by appointing authorities.

Overview:

The Port of Stockton is an inland port located in the San Joaquin Valley, and is located in the hub of four major freeways, two transcontinental railroads and a regional airport. They handle both dry and liquid bulk materials, and have facilities to handle break-bulk and containerized cargoes.

Port of West Sacramento – Sacramento-Yolo Port Commission

Established: The Sacramento-Yolo Port District was established in 1947 and the port opened in 1963. The City of West Sacramento assumed responsibility for the day-to-day operations of the Port in 2006.

Member Agencies: (2) City of West Sacramento; Yolo County

Commissioners: (5) Four commissioners are appointed by the Mayor of West Sacramento and one commissioner is appointed by the Yolo County Board of Supervisors. They serve four-year terms with no term limit and are not compensated other than travel expense reimbursement. The appointing authorities are permitted to appoint themselves as commissioners. Since 2006 when West Sacramento assumed responsibility for the Port, commissioners have been made up of a Yolo County Supervisor and four of the five members of the West Sacramento City Council. The remaining Councilmember serves as an alternate port Commissioner. Currently, the makeup of the Port Commission includes the West Sacramento Mayor, Mayor Pro Tem, two Councilmembers, and one Yolo County Supervisor.

Commissioner Qualifications: No codified requirements.

Board Reporting Requirements: No codified requirements. Because Commissioners are made up of members of the West Sacramento City Council and a Yolo County Supervisor, their respective bodies are aware of port activity.

Written Performance Assessment: No codified requirements.

Overview:

The Port of West Sacramento (formally known as the Port of Sacramento) is an inland port and specializes in bulk, break-bulk and project cargo.

Comments on the above Information about California Port Organizations

Including the Unified Port of San Diego, California has eleven publicly-owned, commercial ports. While the eleven ports have some similarities, there are several organizational and geographical differences that make each port unique. For example, two of the ports (Hueneme and Humboldt) have elected commissioners, one port (Richmond) is directed by its City Council and does not have port commissioners, and another port (West Sacramento) has a port commission comprised of city councilmembers, a mayor and a county supervisor.

Attachment 3 offers a comparison of port organizational characteristics. The matrix provides the number of member agencies for each port, the number of port commissioners, commissioner terms/limits, and how port commissioners are appointed if applicable. Additionally, in an effort to provide information related to item 3 in the Mayor's memorandum date January 18th, the four rightmost columns provide information on the following:

- 1) Are port commissioner applicants required to complete a common application?
- 2) Are there any codified minimum qualifications for port commissioners?
- 3) Are there any codified port activity reporting requirements for port commissioners?
- 4) Are there any written performance assessment measures for port commissioners?

Given that four of the ten other port districts in California do not have appointed port commissioners, the relevant number of comparative ports to San Diego is six (Long Beach, Los Angeles, Oakland, Redwood City, San Francisco and Stockton). Of the six, four require port commissioner applicants to complete a common application. Although none of the six comparative ports had codified minimum qualifications for port commissioners, several indicated their mayors or city councils have a history of appointing candidates with some form of relevant expertise (labor, finance, real estate, legal, etc.). While this may be the historical practice for some appointments, there is no requirement to do so and mayor/councils ultimately have discretion with respect to appointing candidates.

Two of the six comparative port districts had codified reporting requirements for port commissioners; however, these reporting requirements were not specific and limited. For example, the San Francisco Charter requires all boards and commissions prepare and file an annual activity report with the Mayor and the Clerk of the Board of Supervisors. Cognizant of Brown Act requirements, most port commissioners individually and informally brief their mayors and city council upon request. In these instances, they are sometimes accompanied by senior port staff. Some endeavored to brief their elected officials on key projects or to discuss a contemplated initiative.

None of the ports indicated they had written performance assessment measures for their port commissioners. Many indicated that performance expectations and/or goals are communicated upon appointment or during the term of appointment as needed. Elected officials usually will remove or not reappoint a port commissioner who has failed to meet their expectations.

CONCLUSION/RECOMMENDATION

Chair Lightner requested the IBA research appointment processes, qualification and reporting requirements for port commissioners at the other port districts in California. The information was requested to contribute to the Committee's discussion related to the San Diego Unified Port District on March 6, 2013. This report highlights summary information for each port and comments on the findings.

Based on the obtained port information, most of California's port districts have informal appointment and reporting protocols. None of the port districts have codified qualification requirements for port commissioners. Considerable discretion is accorded to elected officials to make these appointments. However, the port officials we spoke with indicated elected officials made these appointments thoughtfully. Appointed port commissioners usually have business experience and/or bring a useful expertise (maritime, labor, finance, real estate, legal, etc.) to the job.

Only two of the port districts have codified port commissioner reporting requirements and they were limited to a single annual activity report. None of the ports have written performance assessment measures for their port commissioners. Port commissioners who fail to meet performance expectations are either removed or not reappointed.

In his Vision for the Port of San Diego (obtained by the IBA on March 1st), the Mayor suggests Port Commissioners have several years of professional experience in one or more fields that support the Port's complex and diverse needs. The IBA agrees with the Mayor's suggestion that the City endeavor to appoint individuals with professional skill sets that are likely to support the City's goals for the Port.

While the IBA supports the Mayor's suggestion to appoint candidates with excellent qualifications to compliment the City's vision for the Port, we also acknowledge the challenge of knowing when you have the perfect candidate, or combination of candidates, to best support the complex and diverse needs of our Port. We also share the concern expressed by some Councilmembers that the City needs to expeditiously act to nominate and appoint well qualified port commissioners. Without full representation, the City's interests in the Port may be compromised and there are operational considerations for the Port Commission (i.e., a lack of a quorum should another commissioner be absent).



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Attachments:

1. Mayor's memo to City Clerk dated 1/18/13
2. Council President Pro Tem Lightner's memo to Mayor dated 2/06/13
3. Key Organizational Elements of California Ports