

**MINUTES  
BOARD OF PORT COMMISSIONERS  
SAN DIEGO UNIFIED PORT DISTRICT**

As previously posted, a special meeting of the Board of Port Commissioners of the San Diego Unified Port District was called to order by Chairman Bixler at 9:05 a.m. Tuesday, April 29, 2008 in the Board Room at 3165 Pacific Highway, San Diego, California.

**ROLL CALL**

Agenda Item 1.

Present: COMMISSIONERS Bixler, Black, Cushman, Najera, Rios, Spane, Valderrama;  
OFFICERS Hollingsworth, Bennett, Liner, and McEntee.

Absent: None.

Excused: None.

**PUBLIC COMMENTS**

Agenda Item 2. None.

**WORKSHOP**

Agenda Item 3. Jeff McEntee, CFO/Treasurer, addressed the Board and presented the District's Draft 2008-09 Preliminary Budget. (Copies of the staff report and presentation are on file in the Office of the District Clerk.)

Commissioner Cushman left the dais at 09:10 a.m. and returned at 9:11 a.m.

Commissioner Najera left the dais at 9:25 a.m. and returned at 9:30 a.m.

Commissioner Rios left the dais at 9:30 a.m. and returned at 9:34 a.m.

Commissioner discussion ensued. Chairman Bixler stated that staff was prepared to address specific Commissioner comments regarding the budget; and staff also requested that the Board provide guidance regarding the matter of maintaining the District's premium based earthquake insurance coverage or consider self-insured earthquake coverage.

Commissioner Spane requested and received clarification regarding the total number of vacant permanent staff positions and the budget allocations for staffing. Mr. McEntee explained that the total number of permanent staff positions referenced in the presentation did include the open positions and funds have been allocated for all of the open full-time positions. Robert Schuck, Manager, Human Resources, stated that there were 39 vacant positions. Mr. Schuck further stated that 29 of the positions were in various stages of recruitment and 10 of the positions were designated for interns. Commissioner Spane requested and received clarification regarding the two additional positions posted to the Office of the District Clerk. Mr. McEntee stated that the positions included an additional Vice President and Executive Assistant. Bruce Hollingsworth, Executive Director, explained the addition of a Vice President was in accordance with the District's transition plan. Commissioner Spane concluded his remarks and stated that he supported self-insurance earthquake coverage.

In response to an inquiry from Commissioner Cushman regarding the premium based earthquake insurance coverage, Mr. McEntee stated that the staff's position for carrying earthquake insurance was to protect the District against catastrophic loss. Mr. McEntee stated that the District has a three-way approach to address a major loss which includes: earthquake coverage, the District's available operating reserves, and funding from the Federal Emergency Management Agency.

Commissioner Cushman requested and received confirmation from Mr. McEntee that the annual earthquake insurance cost was \$300,000. Commissioner Cushman expressed his concern regarding the ratio of burden (employee benefit costs) to the total salaries and wages. Commissioner Cushman requested and received confirmation from Kirk Sanfilippo, Harbor Police Chief, that the budgeted Harbor Police overtime expenses were being successfully managed. Chief Sanfilippo also stated that cost recovery efforts related to police services for special events on the tidelands totaled approximately \$168,462 for the current fiscal year. Commissioner Cushman commended staff for managing the cost recovery efforts and in-kind event expenses. In response to an inquiry from Commissioner Cushman regarding the Harbor Police expenses at the airport, Mr. McEntee stated that upon comparing the expenses that were incurred with the revenues received, the airport expenses were an overall wash.

Commissioner Rios addressed the Board and stated that the Compensation Committee has the opportunity to review the percentage of personnel expenses to revenues and make adjustments. Commissioner Rios also recommended that the Compensation Committee review the cost benefit of Contractual Services and consider factoring Contractual Services fees into the overall personnel expenses.

Chairman Bixler requested and received confirmation from Mr. Hollingsworth that the suggestions from Commissioner Rios would be included in the Compensation Committee discussions.

Commissioner Black expressed her concern regarding the rate of return from the District's outreach efforts, public affairs programs, and stakeholder outreach. Mr. Hollingsworth confirmed that staff was addressing Commissioner Black's concerns and were working to develop a consistent outreach message and to maximize the value of the public relations and outreach efforts.

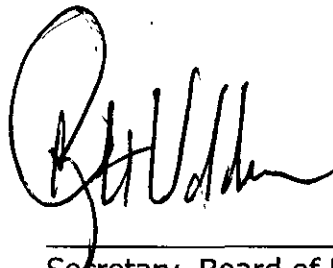
Commissioner Valderrama stated that he did not support purchasing premium based earthquake insurance coverage. He suggested reserving the \$300,000 annual premium payment and utilizing those funds as self-insurance in case of an earthquake. Commissioner Valderrama expressed his concern regarding the source of the \$50 million required matching funds to secure the \$100 million Goods Movement Grant funding. Dan Wilkens, Executive Vice President, stated that staff had considered several strategies to finance the matching funds. Mr. Wilkens stated that staff was considering a number of options, some of which were: utilizing capital development funds; engaging in public private partnerships and new market tax credits; non-transportation federal government funds; and as a last priority, for consideration, a fee assessment against the tenants. Commissioner Valderrama expressed his concerns regarding reallocating funds from previously approved Capital Development Program projects to fund the Goods Movement matching grant requirements. Commissioner Valderrama also expressed his concern regarding the Board Policy for earmarking funds for the Public Art Program and Environmental Services.

Mr. Hollingsworth stated that a recommendation from the Public Art Program Ad Hoc Committee will be brought before the Board at the May 6, 2008 meeting and may address some of Commissioner Valderrama's concerns regarding earmarking. Mr. McEntee stated that the Board could amend the budget at any time.

Commissioner Najera requested and received confirmation from Mr. McEntee that there was no requirement for the District to carry earthquake insurance. Commissioner Najera discussed that the increase in expenses illustrated an investment in the long-term economic benefit to the region.

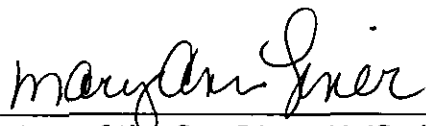
Chairman Bixler expressed his concerns regarding the cost of the earthquake insurance coverage. He also requested that the annual premium cost be balanced against any risk associated with potential damage to and/or repair of the Gottwald crane at the Tenth Avenue Marine Terminal or any other piece of equipment essential





Secretary, Board of Port Commissioners  
San Diego Unified Port District

ATTEST:



Clerk of the San Diego Unified Port District