

**6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES**

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with agency officials and designated staff being current in making their Statement of Economic Interests (Form 700) disclosures?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Does the agency need to have a qualified external person review agency finances each year (at a minimum), comparing budgets to actuals, comparing actuals to prior years, analyzing significant differences or changes, and determining if the reports appear reasonable?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Does the organization need to improve its public transparency via a website (i.e. a website should contain at a minimum: organization mission/description/boundary, board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services, if applicable, and audit reports)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
h) Does the agency need policies (as applicable) regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding and handling public records act requests?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Discussion:**

a-b) Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?

~~Yes/No.~~ In September 2006, the California Legislature detached the County and City of Sacramento from the District's boundaries and provided the City of West Sacramento with a majority of the Port Commission seats. The Commission was reduced from seven to five members with four of the Commissioners being appointed by the City Council and one by the Yolo County Board of Supervisors. Board members do not receive reimbursement. There are no recommended changes to the District's governance structure. ~~However, the current District boundary also includes Prospect and Decker Islands because they were once owned by the District, but they were sold to the Department of Water Resources in 2015 as part of a land exchange in which the District acquired a property located at 4300~~

~~West Capitol Avenue in West Sacramento. Therefore, these islands should be detached from the District boundary as a cleanup item.~~

- c) *Are there any issues with agency officials and designated staff being current in making their Statement of Economic Interests (Form 700) disclosures?*

No. According to the Fair Political Practices Commission website portal, agency officials are current with their Form 700 disclosures ([www.fppc.ca.gov](http://www.fppc.ca.gov)).

- d) *Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management?*

Yes. As of July 1, 2013, the District implemented a new landlord-lessee operating model and currently the District's only staff member is the Port Chief Operating Officer. Port maritime operations are contracted out to SSA Marine, which leases and operates the Port's North Terminal cargo facilities. However, despite this simplified landlord model and the District having a dedicated Chief Operating Officer who handles "nearly all of the Port's management, budgeting, and planning responsibilities"<sup>2</sup>, the City Manager still acts as the Chief Executive Officer for the District.

On October 3, 2018, the District approved a change in management structure which moved the Port's budget from the supervision of the Economic Development and Housing Department (EDH) to the City Manager's Office. As part of this re-organization position cost allocations were revised such that the District is now paying 50% of the City Manager's salary and benefits, which does not appear to be supported by analysis. This does not appear to be an efficient staff cost from the District's perspective.

- e) *Does the agency need to have a qualified external person review agency finances each year (at a minimum), comparing budgets to actuals, comparing actuals to prior years, analyzing significant differences or changes, and determining if the reports appear reasonable?*

No. The District is treated as a department in the City and is organized under the City Manager and Assistant City Manager. The District's budget is approved as part of the City's budget process. Port activities are reported as the Port Enterprise Fund in the City's financial statements.

- f) *Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting?*

No. The Port's finances are presented in the City of West Sacramento's Comprehensive Annual Financial Report (CAFR), which is designed to fairly present the City's financial position and fund operations. Port activities are reported as the Port Enterprise Fund in the City's financial statements. The CAFR is audited annually by an independent firm.

- g) *Does the organization need to improve its public transparency via a website (i.e. a website should contain at a minimum: organization mission/description/boundary, board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services, if applicable, and audit reports)?*

Yes. The District received a 28% transparency score for 2018. The District's information deficiencies can be viewed here: <https://www.yololafo.org/yolo-local-government-website-transparency-scorecards>

- h) *Does the agency need policies (as applicable) regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, contract bidding and handling public records act requests?*

No. The District is treated as a department in the City and is organized under the City Manager's Office. As such, it has appropriate policies in place.

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<sup>2</sup> Consideration of Proposed Organizational Modifications and Budget Adjustments, Sacramento-Yolo Port District Staff Report dated October 3, 2018.

## Accountability, Structure and Efficiencies MSR Determination

In September 2006, the California Legislature detached the County and City of Sacramento from the District's boundaries and provided the City of West Sacramento with a majority of the Port Commission seats. The District has effectively become a subsidiary district to the City. Following years of financial issues, as of July 1, 2013, the District implemented a new landlord-lessee operating model. The District has undergone several significant evolutions in governance structure which has resulted in much more efficiency and financial stability. ~~The District has also sold some property (the Prospect and Decker islands) which should be detached from its boundary.~~

However, there is one notable area where this subsidiary district model may not be operating in the best interest of the District. Despite this simplified landlord model and the District having a dedicated Chief Operating Officer who handles "nearly all of the Port's management, budgeting, and planning responsibilities", the City Manager acts as the Chief Executive Officer for the District and is now paying 50% of the City Manager's salary and benefits, which does not appear to be supported by analysis. This does not appear to be an efficient staff cost from the District's perspective. There is also the need for the District to improve its public transparency via its webpage on the City's website.

## Accountability, Structure and Efficiencies Recommendations

- ~~1. Prospect and Decker Islands should be detached from the District boundary since they were sold to the Department of Water Resources in 2015 as part of a land exchange. The District should submit a proposal application to LAFCo to detach these areas as a subsequent cleanup item.~~
- 2.1. The District and City should consider the appropriateness of allocating 50% of the City Manager/Port CEO's salary and benefit costs to the Port. Allocations should be supported by time studies or based on the best approximation of actual time spent on District management. Allocations based solely on budget needs are not an acceptable method for cost allocation under state and federal cost allocation guidelines.
- 3.2. The District should work on improving its transparency on its page on the City's website (the District received a 28% transparency score for 2018). The District's webpage deficiencies can be viewed here: <https://www.yololafco.org/yolo-local-government-website-transparency-scorecards>.