

OMAR BENJAMIN
Executive Director

HAROLD JONES
Deputy Executive Director

DOUGLAS WARING
Deputy Executive Director

JOE WONG
Deputy Executive Director

DAVID L. ALEXANDER
Port Attorney

JOHN T. BETTERTON
Secretary of the Board

PORT OF OAKLAND
BOARD OF PORT COMMISSIONERS
530 Water Street • Oakland, California 94607

Telephone: (510) 627-1100
Facsimile: (510) 451-5914
TDD: (510) 763-5703

E-Mail: board@portoakland.com
Website: www.portofoakland.com

ANTHONY A. BATARSE, JR.
President

DARLENE AYERS-JOHNSON
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MINUTES

Audit, Budget and Finance Committee
Wednesday, February 14, 2007

ROLL CALL

The meeting was called to order at 12:00 p.m.

In attendance were Commissioners Patricia Scates, Mark McClure and John Protopappas. Also in attendance were Executive Director Omar Benjamin, Deputy Executive Directors Douglas Waring, Joe Wong and Harold Jones; Director of Finance, Olivier Flewollen and appropriate staff.

CLOSED SESSION

Commissioner **Scates** convened the Committee in Closed Session at 12:01pm.

The Committee discussed the three matters agendized for Closed Session. There were no items to report at the end of the session.

OPEN SESSION

Commissioner **Scates** reconvened the Committee in Open Session at 1:36pm

There were six items reviewed; five items were forwarded to the full Board for the February 20, 2007 meeting and one item was forwarded for the March 6, 2007 meeting:

- O-1* **Approval of Fourth Supplemental Agreement to the Audit Contract with Macias, Gini & O'Connell, LLP to perform Audit Services for the FY Ending June 30, 2007 for \$232,000 and to Perform the Deferred Compensation Plan Audit FY ending June 30, 2006 and 2007 for \$30,000.**
- O-2* **Declaration of Port Revenue Fund Surplus for FY 2005-06; recommendation to Transfer Surplus to General Fund of City; and Approval to Reimburse the City for General Services and Lake Merritt \$1,877,033.**
- O-3* **Authorization to Establish Open Account Agreements for FY 2006-07 in an aggregate of \$3,932,000:** George Lythcott, Purchasing Manager presented this item. Commissioners **Protopappas** and **McClure** both requested clarification of the vendor classification and selection process used by Port staff prior to recommending approval to the full Board.
- O-4* **Approval of Resolution Declaring a Surplus (20 pcs. of Special Purpose Equipment and Vehicles):** George Lythcott presented this item. Commissioner **Scates** asked that the equipment/vehicle list be updated and more descriptive information be provided prior to the Board meeting.
- O-5* **Adoption of an Ordinance Amending Section 7 of Port Ordinance 3439, Authorizing Termination of Telephone and Other Commodity Services for Non-Payment of Commodity Usage, Equipment Related Charges:** Robert Martinez, Port Attorney presented this item. Commissioner **Scates** requested that the reference to the position of Deputy Executive Director, Operations be revised, as this position is currently unfilled.

* Numbers correspond to February 20, 2007 Board Agenda

Approval of Vehicle Master Leasing Pilot Program and Authorization to Waive Competitive Bidding for Professional Support Services for an additional amount not to exceed \$65,000: ITEM PULLED.

Approval to Enter into a Contract with Selected Consulting Firm to Perform an Update for Maritime Feasibility

Projections: Douglas Waring presented this item and reported that the Request for Qualification has been issued. Port staff is awaiting responses to commence the evaluation process.

This item will be present to the full Board for approval on March 6, 2007.

There were three informational items presented:

Unaudited Financial Statements for 6 months ended

December 31, 2006: Commissioner **Scates** requested an explanation of variances in the Audit Services Division and Other Income. Arnel Atienza stated that Audit Division variances were due to unfilled positions as of December 31, and indicated that those positions had now been filled. Olivier Flewellen stated that the variance in Other Income was due to the receipt of funds from the Turner settlement. Commissioner **McClure** requested an explanation regarding the Workers' Compensation variance. Joe Wong responded that there will be additional information available and a report will be presented to the Administration Committee for review on February 27, 2007.

Accounts Receivable Summary: Douglas Waring reported significant improvements in the Accounts Receivable area. Days sales outstanding has dropped from 19.5 days to 7.5 days. Delinquent accounts receivable has significantly reduced from 13% of total accounts receivable to 2%.

2nd Quarter 2007 Forecast vs. Budget: Lance Bateman presented an overview of 2nd Quarter results. Steve Grossman provided explanations for Aviation revenue and expense variances. Commissioner **Protopappas** requested an explanation of airport parking revenue. Steven Gordon provided Airport parking statistics. The Maritime Division revenue variance was addressed by Wilson Lacy.

Commissioner **Scates** noted at 2:41p.m. there were two informational items still to be reviewed, in addition to completing the discussion of Item 3. Commissioner **Scates** then requested that the meeting be continued to Tuesday February 20, 2007 at 12:00 p.m.

OPEN FORUM

Sanjiv Handa of East Bay New Service addressed the Committee.

ADJOURNMENT

The Committee adjourned at 2:45pm.

A Special Meeting to conclude the following agenda items was scheduled for February 20, 2007:

- 2nd Quarter 2007 Forecast vs. Budget
- Performance Measurements
- FY 2008 Budget Guidelines

The next regular meeting is scheduled on March 8, 2007.