



Town of Wellfleet

Marina Enterprise Fund Review

Division of Local Services / Technical Assistance Section

July 2009

Introduction

At the request of the board of selectmen, the Department of Revenue's Division of Local Services (DLS) has completed this Marina Enterprise Fund review for the Town of Wellfleet. Our review was based on site visits by a team from the Municipal Data Management & Technical Assistance Bureau with assistance from the Bureau of Accounts (BOS). During our visit and by telephone, the team interviewed and received information from members of the board of selectmen and marina advisory committee, as well as the town administrator, harbormaster, town accountant, and others. A full list is available in the acknowledgements page of this report.

As part of the review, the team from DLS examined department documents and records including budget worksheets, revenue and expenditure reports, debt schedules, payroll and vendor warrants, as well as the town charter, relevant town bylaws, marina rules and regulations, job descriptions, and the independent audit completed for FY2008.

In reviewing the marina's policies, practices and procedures, we focused on:

1. The department's structure in the context of the employee duties and responsibilities;
2. The degree of coordination and communication that exists between and among boards, officials and staff involved in the operation of the department;
3. The department's budget and capital planning processes and other financial management-related activities; and,
4. The general effectiveness of the department as measured by its success in maximizing resources and minimizing costs.

We encourage the board of selectmen and others, when formulating overall strategies for improving Wellfleet's marina, to consider the observations, analysis and recommendations contained within this report. These are recommendations only, which can be implemented, provided there is sufficient cooperation and political will among the various boards and town officials who oversee and administer the marina.

Table of Contents

Overview & Analysis.....	1
Recommendations.....	8
1. Establish Comprehensive Capital Improvement Program:.....	8
2. Build Multi-Year Revenue and Expenditure Forecast:.....	9
3. Review Marina Fee Schedule:	9
4. Develop Policy on the Use of Retained Earnings:.....	10
5. Employ Formal Indirect Costs Formula:	11
6. Address Assistant Harbormaster Vacancy:.....	12
7. Adopt Third Party Credit Card Processing:	12
8. Verify Boat Excise Payments:	13
9. Consolidate Marina Websites:	13
10. Consider Fuel Pricing Policy:	14
11. Update Job Descriptions:	14
12. Include Account Codes on Receipt Turnovers:	14
13. Log Vessels Electronically:	15
14. Reevaluate Charge of the Marina Advisory Committee:.....	15
Acknowledgements	16

Overview & Analysis

In the fall of 2008, a reconstruction of Wellfleet’s public marina was complete. The two-phase project, which took two years and nearly \$3.8 million to construct, is the culmination of over ten years and almost \$7.7 million worth of investment into the marina. Now, after such an extensive renovation and rehabilitation effort, officials’ focus has shifted to an assessment of the marina’s finances and an examination of its current business practices. To that end, the board of selectmen requested this Marina Enterprise Fund Review to be completed by the Division of Local Services (DLS). Per their request, the scope of our examination involved a review of the marina’s finances, management practices, and various policies and procedures under which it operates. This report provides comments, analysis and a series of recommendations that support officials’ effort to operate the marina in an effective and cost efficient manner.

Town of Wellfleet: Located on the “Lower Cape” approximately 100 miles from Boston, the Town of Wellfleet is characterized as an historic rural seaside village bordered by the North Atlantic and Cape Cod Bay. Encompassing over 35 square miles, the town’s upland area comprises about 20 square miles of which 61 percent is protected as part of the Cape Cod National Seashore. The town has a year-round population of about 2,700, which swells to an estimated 17,000 during the summer months. Wellfleet is governed by open town meeting and a five-member board of selectmen who appoint a town administrator to manage daily operations. Wellfleet offers a full array of services including police, fire, library and recreation. The town is also part of the Nauset Regional School District that includes students from grades 6 through 12. The table below is a comparative analysis of Wellfleet’s relative wealth to all other towns in Massachusetts.

Wellfleet Comparison Table

	2006 Income Per Capita	2008 EQV Per Capita	FY2009 Average Single Family Value	FY2009 Average Single Family Tax Bill
Wellfleet	\$30,628	\$995,379	\$606,417	\$3,105
Cape Towns	30,050	569,138	579,002	3,311
MA Towns	39,596	202,820	426,235	4,555
Rank: Cape / MA Towns	5 th / 129 th	3 rd / 9 th	5 th / 36 th	10 th / 212 th

Wellfleet Harbor & Marina: Central to the community’s identity is Wellfleet Harbor. Defined as an embayment or bay, the harbor wraps north from Billingsgate Shoal to Jeremy Point to Great Island around to Lieutenant Island to the South Wellfleet-Eastham town line on the main body of the Cape. Once a large seaport, the harbor covers approximately 6,000 acres and has 31 miles of shoreline. It offers a wide range of sailing, fishing and other recreational and commercial opportunities. The harbor is a valuable natural resource and is especially well known for its productive shellfish beds including the famous “Wellfleet Oyster.” As such, it is continually monitored and undergoes regular water quality review and analysis.

Located off Commercial Street within Wellfleet Harbor is the town's public marina. Designed around a protective seawall, the marina is a collection of wharves, docks, slips and moorings. The Army Corps of Engineers' (ACE) and Wellfleet mooring basins combine to provide approximately 400 moorings. The marina is full service, offering a refueling dock, launch ramp and crane, pump-out and garbage facilities, public restrooms and showers, and a pier store. Additional services include engine repair, off-season boat storage, and water and electricity at slips. Although geared more toward recreational boating, the marina caters to sightseeing, charter boats and commercial fishing vessels. It is also host to many public and special events, including concerts and dances. Residents have a deep appreciation and vested interest in protecting the harbor and in the ongoing operation of the marina.

Operations & Management: Daily operational oversight of Wellfleet Harbor and marina falls to the full-time harbormaster, who has been with the marina since 1995 - serving three years as assistant harbormaster and eleven years as harbormaster. He is a certified harbormaster, has a merchant marine captains license for 50-ton vessels with towing endorsement, and is trained as a medical and hazmat first responder. He is appointed by the town administrator and receives general policy guidance from the board of selectmen.

The harbormaster has year-round support from two part-time staff members, one of whom is a selectman, and seasonal help from students. A seven-member marina advisory committee appointed by the board of selectmen also provides general oversight and offers guidance and recommendations to the harbormaster. Of particular note, this past winter a full-time assistant harbormaster retired after 13 years of service. Selectmen, along with the town administrator, harbormaster and marina advisory committee have been in ongoing discussions on whether to fill the vacancy.

Managing Wellfleet Harbor and the marina is a significant operation. The harbormaster and his crew perform year-round work on a wide variety of tasks, although the marina is only open seasonally from May 15 through October 15. Listed below are a number of responsibilities carried out by the harbormaster and his crew:

- Law enforcement, emergency services and search and rescue operations;
- Harbor regulation and marina management;
- Ensure that all municipally owned facilities, structures, boats, vehicles and all specialized tools and equipment are properly maintained;
- Provide guidance on specified policies, rules and regulations;
- Administer, assign and police the allocation and use of piers, slips and mooring spaces for recreation and commercial users;
- Collect ramp, transient and parking fees;
- Install and remove all town wharves, floats, buoys, channel markers each season.
- Prepare reports, budgets and payrolls; and,
- Meet regularly with inter-governmental bodies and citizen groups.

Marina Budget Process & Capital Planning: Wellfleet's budget process begins in the fall with the distribution of budget guidelines by the board of selectmen and town administrator.

Outlined in the town charter, the guidelines “establish the outer limits of possible budget growth for all municipal departments.” For his part, the harbormaster works with the town accountant to match estimated revenues to anticipated expenses before sending the marina’s budget to the town administrator. Over the last few years, the harbormaster has made a conscious effort to level fund expenses. By December, the town administrator submits a comprehensive budget of all town functions for the ensuing fiscal year to the board of selectmen and the finance committee. Then, after joint public hearings and conferring on recommendations, a separate warrant article is drawn up for the marina enterprise fund for approval at the annual town meeting.

In tandem with the budget process, the harbormaster submits a list of capital items to the town administrator for consideration by town meeting. Such items are typically financed through a one-time capital outlay and/or grant combination. Despite this practice, it appears a comprehensive long-term capital planning process is lacking for the marina. The capital plan provided to us is town-wide, does not include the marina, and only appears to be a “wish list” of projects along with an attached current debt schedule.

Nevertheless, there has been a significant amount of capital poured into the marina over the past ten years. Restoration work has been extensive, including renovations to the L-Pier, septic systems, and South Bulkhead, as well as the construction of a new launch ramp and pump out dock. A list of recent projects and funding is included in the table below.

Marina Capital Projects

Year	Project	Funding*
1999	L-Pier Renovation & Alternative Septic System	\$470,000
2000	South Bulkhead Reconstruction	800,000
2001	Dredging Project	2,000,000
2002		0
2003		0
2004		0
2005	Launch Ramp	425,000
2006	Pump out Dock	95,000
2007	Marina Renovation Project	3,875,000
2008		0
2009		0

Total: \$7,665,000

61 percent or \$4,700,000 of total capital project funding has come from grants

Most significant however was the marina reconstruction that was completed in October of 2008. At a cost of approximately \$3.8 million, the project’s scope of work included:

Phase-One:

- Total reconstruction of the revetment/seawall (the foundation of the Wellfleet Marina);
- Creation of a pedestrian walkway to enhance public access at the marina;
- Installation of curbing and guardrails; and,
- New electrical and water systems.

Phase-Two:

- Installation of storm water/non-point source pollution filtration system; and,

- Repaving of entire Marina and parking areas.

Marina Cost Analysis: The marina operates as an enterprise fund. Formed in November 1989 through local acceptance of [M.G.L. c. 44, §53F½](#), an enterprise fund is simply a mechanism to identify all direct, indirect and capital costs associated with operating the facility and to set user fees at an appropriate level to recover those costs. Enterprise accounting also enables the marina to reserve any year-end “surplus” revenue generated by its operation as retained earnings, which would otherwise close to the general fund. The creation of the marina enterprise fund is merely a method of accounting and financial reporting; it does not create a new municipal department or alter pre-existing lines of authority or reporting relationships that exist between town hall and the marina, or among personnel.

For FY2009 town meeting appropriated \$691,720 to finance the marina. A detailed breakdown of historic revenue and expenditure levels as reported to DLS is included in the table below:

Marina Revenue and Expenditure History

	FY2005	FY2006	FY2007	FY2008	FY2009*
Marina Revenues					
User Charges	519,050	\$539,228	\$629,853	\$364,105	\$381,000
Other Departmental Revenue	9,488	29,803	119,427	237,203	241,000
Investment Income	13,717	35,252	37,844	59,754	54,720
Retained Earnings Appropriated	57,900	76,374	70,000	10,000	0
Other Available Funds	2,500	2,500	2,500	5,000	0
Total Revenues:	\$602,655	\$683,157	\$859,624	\$676,062	\$676,720
Marina Expenditures					
Salaries and Wages	\$135,710	\$138,733	\$147,735	\$156,085	\$159,120
Operating Expenses	20,100	170,350	188,700	236,780	295,600
Capital Outlay	65,000	95,000	126,950	165,000	140,000
Reserve Fund	90,000	50,000	50,000	50,000	50,000
General Fund Costs	45,000	33,000	33,000	36,220	37,000
Prior Year Costs	0	57,900	76,374	70,000	10,000
Total Expenditures:	\$355,810	\$544,983	\$622,759	\$714,085	\$691,720
Retained Earnings Available:	N/A	\$204,516	\$302,927	\$532,512	\$592,484

*FY2009 Estimated Revenues & Expenditures

Entirely self-sufficient, the marina is not subsidized by the general fund and relies primarily on revenues generated through its day-to-day operations. For FY2008, its two core sources of operating revenue came from user charges (\$364,105), which are predominantly annual slip leases and dockage income, and other departmental revenue (\$237,203) mainly from the resale of gasoline and diesel fuel to boaters. The marina derived additional revenue from investment income (\$59,754), and other available funds (\$5,000). Total revenues generated through operations in FY2008 amounted to \$676,062.

As the single largest source of revenue, user fees were increased by five percent per year over the preceding five years as part of an aggressive strategy to raise revenue. This plan, now in its final year, is tied to financing the marina's renovation project. However, despite the increase in fees, total user charges declined in FY2008 and FY2009 (as represented in the preceding table) because the marina was undergoing the renovation. With work now complete, revenue from user charges is expected to bounce back to more closely reflect historic levels.

When providing services, the marina incurs two types of operating costs, direct and indirect. Direct costs are those amounts reflected in the marina budget and are associated with the major expenses of operating the department, such as salaries and wages, utilities, and supplies. Indirect costs represent expenditures made from outside the marina's budget that support the operation of the department. These costs can be broken down into two categories: indirect departmental costs and indirect personal service-related costs. Indirect departmental costs are those attributed to direct dollar support provided by other departments, while indirect personal service-related costs represent the value of time devoted by other town employees outside the marina that support the operation of the department. For FY2008, total indirect costs amounted to \$36,220. A detailed breakdown of expenditures in FY2008 as report by the town accountant is presented in the table below:

FY2008 Marina Expenditures

Marina Expenditures	
Direct Costs	
<u>Salaries & Wages</u>	
Full-Time	\$98,505
Seasonal	50,000
Other Salaries & Wages	7,580
<u>Expenses</u>	
Utilities (electricity, Oil, Telephone)	15,500
Services	9,600
Postage, Printing, Advertising	1,600
Supplies & Equipment	12,000
Gasoline/Diesel	1,500
Gasoline/Diesel for Resale	190,000
Credit Card Fees	5,000
Reserve	50,000
Other Operating Expenses	1,580
Prior Year Costs	70,000
Capital Outlay	165,000
<i>Total Direct Costs:</i>	<i>677,865</i>
Indirect Costs	
Health & Life Insurance	19,620
Building/Liability Insurance	8,200
Shared Employee Costs	8,400
<i>Total Indirect Costs:</i>	<i>36,220</i>
Total Expenditures:	\$714,085

More significant however is the amount of debt that has been assumed. Specifically, total debt service is projected go from about 7 percent to 40 percent of the marina's total operating

budget between FY2009 and FY2010. The table below provides a clear picture of the marina's debt. To help pay down this obligation the accountant is projecting the use of approximately \$850,000 in reserves over the next five years.

Marina Debt Schedule

Fiscal Year	Phase I: Marina Renovation Project	Phase II: Storm Water Mitigation & Paving	Total Debt Service
2009	\$39,618.35	\$10,875.00	\$50,493.35
2010	191,713.70	171,750.00	363,463.70
2011	185,300.00	166,500.00	351,800.00
2012	176,450.00	161,250.00	337,700.00
2013	172,512.50	155,625.00	328,137.50
2014	163,575.00		163,575.00
2015	159,575.00		159,575.00
2016	150,575.00		150,575.00
2017	146,775.00		146,775.00
2018	142,500.00		142,500.00
2019	137,750.00		137,750.00
2020	133,000.00		133,000.00
2021	128,250.00		128,250.00
2022	123,500.00		123,500.00
2023	118,750.00		118,750.00
2024	114,000.00		114,000.00
2025	109,250.00		109,250.00
2026	104,500.00		104,500.00
2027	99,750.00		99,750.00
Total:	\$2,597,344.55	\$666,000.00	\$3,263,344.55

Boat Excise & Waterways Improvement Fund: In accordance with [M.G.L. c. 60B, §2](#), any person who owns a boat that is habitually moored, docked, or principally situated in the town of Wellfleet on July 1 of a given year is assessed a boat excise by the town for the privilege of using the waterways of the Commonwealth. Boat excise is assessed at a rate of \$10 per thousand based on the fair cash value of the boat as determined by the assessors, but not in excess of values in the table that appear in [M.G.L. c. 60B, §2\(c\)](#).

In FY2008, the town collected about \$14,000 in boat excise. [M.G.L. c. 60B, §2\(i\)](#); [M.G.L. c. 91, §10A](#), states that 50 percent of boat excise receipts and all mooring fees must be credited to a municipal waterways improvement and maintenance fund. Under [M.G.L. c. 40, §5](#), monies from waterways improvement and maintenance fund can only be appropriated for: maintenance, dredging, cleaning and improvement of the harbor, inland waterways, and great ponds; public access to the aforementioned; the breakwaters, retaining walls, piers, wharves and moorings; and, law enforcement and fire prevention. To the extent that authorized expenditures from the waterways improvement and maintenance fund come within the enterprise, the receipts may be used to reduce the costs of the enterprise.

Based on discussions with the town accountant and upon a review of the town's financial records, Wellfleet has established a waterways improvement and maintenance special revenue

fund per [M.G.L. c. 40, §5](#) in which 50 percent of boat excise is credited. As of the close of FY2008, Wellfleet's water improvement fund had a balance of \$14,069.

Conclusion: Based on our review and observations, Wellfleet's marina is run by a skilled harbormaster and staff. We are impressed by facility's recent physical transformation and the amount of effort that has gone into improving this community asset over the past 10 years. However, despite these improvements the marina is now burdened with a significant amount of debt. As outlined in the overview, the annual debt service associated with the marina's renovation will increase dramatically in FY2010, jumping from about \$50,000 to over \$360,000. Although officials purposely implemented a plan to cover this cost increase by adjusting user fees over the past five year to generate retained earnings, more may need to be done. Specifically, officials should focus on several core areas that will enable management to make more informed decisions and strengthen overall business practices and procedures.

To begin, the marina should adopt a comprehensive capital improvement plan. Not only will such a plan encourage the long-term preservation and protection of the asset, it will enable the harbormaster to prioritize needs and direct resources accordingly. Second, the marina's cost pressures are only projected to increase over the next several years and we feel a more rigorous analysis is warranted in order to determine whether a future revenue infusion is required. As a part of this analysis, officials should review user fees to ensure that rates will be sufficient to fully recover the cost to operate the marina, and that a retained earnings policy is embraced to secure a healthy reserve balance. In addition, a decision should be made on whether to fill the vacancy in the assistant harbormaster position. From our perspective, the harbormaster has a significant number of responsibilities, and absent an assistant, the quality of service may be affected. Lastly, we identify other specific recommendations and opportunities which will benefit the marina.

Recommendations

1. Establish Comprehensive Capital Improvement Program:

As stated in the overview, there has been a significant amount of time, energy and resources invested over the past ten years to rehabilitate the marina. Now, with the completion of the latest \$3.8 million renovation project, it is only appropriate to place the marina on solid footing regarding its ongoing and continued maintenance requirements. Although an informal capital process currently exists whereby the harbormaster submits various items for consideration at the onset of the budget process, a more deliberative approach should take place. Therefore, we encourage the adoption of a comprehensive capital improvement planning process that encourages the long-term protection and preservation of this asset.

In its design, the harbormaster should spearhead a formal program built on a multi-year capital plan that embodies clear standards and capital spending priorities. As an initial starting point, we offer the following recommendations:

1. The harbormaster should develop a detailed inventory of all capital assets identifying maintenance and replacement priorities. The resulting report would propose an initial long-term expenditure plan that he can review with the marina advisory committee and update annually;
2. The harbormaster and marina advisory committee should agree on a set of policies as to what qualifies as a capital expenditures. A policy typically includes minimum useful life (e.g., five years) and dollar amount thresholds (e.g., \$25,000);
3. To prioritize capital requests the harbormaster and marina advisory committee should measure each request against a set of objective criteria. Generally based on operational impact and urgency, criteria can include public safety needs, legal requirements, items deferred from prior years, or items that if not acted on result in the loss of grant or reimbursement money; and,
4. As a matter of process, the harbormaster would submit requests to the town's capital planning committee for consideration. Once the committee has evaluated the marina's proposal, a final recommendation would be presented to town meeting.

For additional assistance, we direct officials to our "Developing a Capital Improvement Program" manual which is available at www.mass.gov/dls under the financial management assistance, publications and other useful links.

As part of the capital improvement planning process, we support officials' effort to retrofit the marina with green technology. From an outside perspective, it appears that the time is opportune and that the marina would be an appropriate location to install various green energy

solutions including photovoltaic and/or wind turbine technology. The installation of such technology will not only reduce the marina's overall carbon footprint, it can substantially reduce the cost of energy over the life of the complex.

Data suggests that by installing green energy technology solutions such as the ones mentioned here, the marina could expect savings of between 15 and 30 percent off the total cost to provide electricity. Therefore, we recommend that officials conduct a cost benefit analysis to determine if a beneficial option is available. For additional assistance, contact the Executive Office of Energy and Environmental Affairs, Green Communities Division at www.mass.gov/energy/greencommunities.

In addition, we recommend a review of the harbor management plan. Authorized by the board of selectmen in September 2002, a harbor planning group comprised of representatives from the natural resource advisory board, planning board and town staff completed a harbor management plan. The objective of the plan was to "propose goals and actions to protect, sustain and develop the harbor's economic resources and to identify potential user conflicts and a process for fair resolution." Now, with the recent completion of marina renovations and because of the significant investment made in the facility over the past 10 years, we feel it is appropriate to revisit and update the plan. Our expectation is that the scope of the plan would include elements to protect and preserve the marina because it is such a valuable asset to the community.

2. Build Multi-Year Revenue and Expenditure Forecast:

Town officials need to build a realistic multi-year revenue and expenditure forecast for the marina. Although a budget worksheet that projects revenue and expenditure estimates out until 2014 exists, it does not appear to be fully developed nor does it clearly describe a foundation on which it is based. In particular, there is no analysis whether rate adjustments will be necessary to address cost inflation or future debt service.

Therefore, we recommend that officials complete a rigorous analysis in order to build a more meaningful multi-year revenue and expenditure forecast. Absent a solid projection, a true picture of future spending obligations in relation to estimated revenue is lacking for the marina. As a strong fiscal blueprint for the enterprise, financial forecasting not only allows officials to better understand and quantify the long-range fiscal impact of proposed policy initiatives, it contributes in a significant way to the annual budget process by working hand-in-hand with the capital planning and fee setting process as recommend in this report.

3. Review Marina Fee Schedule:

The harbormaster along with the marina advisory committee should continue to review fees on an annual basis. It is our understanding that the harbormaster laid out an aggressive five-year plan to raise revenue through fee increases. Now in its final year, a five percent increase in user fees has been imposed in each of the last five years. Although the strategy was directly tied

to financing the marina's recently completed renovation and is currently adequate, an ongoing annual review of fees is necessary. As the marina almost entirely operates on a fee-for-service model, it is financially prudent that town officials review fees annually to verify that the total cost to operate is adequately covered by revenues.

A review of fees should include an examination of both direct and indirect costs associated with operating the marina, along with anticipated future capital outlays, debt service and other expenses that may have an adverse impact on the total cost to operate the marina. More specifically, fees, such as those attached to slip leases, should recover the cost to provide water, electricity and other associated services including the amount of time staff spends administering slip or other related docking activities. Once completed for each fee related service, a realistic picture of what the marina should be charging will emerge.

The harbormaster should also take into account, as they have in the past, a survey of similar fees charged by other town owned marinas for benchmarking purposes. Furthermore, officials should also be aware that a charge for a specific service should reasonably reflect the cost to provide that service ([Emerson vs. City of Boston](#)). Ultimately, the marina should strive to adopt fair and consistent fees that can be justified. The harbormaster may also want to seek a periodic independent review of fees.

4. Develop Policy on the Use of Retained Earnings:

The board of selectmen and town administrator in collaboration with the harbormaster and town accountant should develop a policy on the use of the marina's retained earnings. Retained earnings reflect the year-end surplus in the enterprise fund that, once certified by DOR, may be appropriated to:

1. Fund direct costs of the enterprise for the current fiscal year;
2. Fund costs appropriated in the General Fund operating budget and allocated to the enterprise for the current fiscal year; or,
3. Reimburse to the General or other fund for subsidized capital costs of the enterprise not already reimbursed for the two full, immediately prior, fiscal years.

Wellfleet's marina has successfully generated retained earnings in each of the past four fiscal years, in part because of a conscious effort to save funds necessary to finance the marina's debt service. As reflected in the table on the following page, over the next five years the marina is projected to use approximately \$850,000 in retained earnings to pay down this debt. However, without a plan to generate more retained earnings through a substantial revenue infusion, the current balance is not sufficient and will be drawn down completely in three years.

<u>Certified Retained Earnings</u>		<u>Projected Use of Retained Earnings for Debt</u>	
<u>Fiscal Year</u>	<u>Certified Retained Earnings</u>	<u>Fiscal Year</u>	<u>Estimated Appropriation</u>
2006	\$204,516	2010	\$256,000
2007	302,927	2011	156,000
2008	532,512	2012	156,000
2009	592,484	2013	186,000
		2014	100,000

Moving forward, officials should consider a plan that addresses this shortfall. Such a plan should strive to produce a reasonable targeted balance of retained earnings and direct its use. Once rates are set to cover the cost of operating the marina, officials should determine what additional amount of revenues is required to generate a surplus, and how that surplus would be allocated. For Wellfleet, it would be prudent to preserve a particular percentage of retained earnings to cover ongoing maintenance costs and to fund anticipated capital needs. However, the percentage held in surplus should be a predetermined value and might reflect historical spending trends for maintenance. Not only will such a policy reflect a strong sense of fiduciary responsibility, it could mitigate or at least protect users against future dramatic rate increases.

5. *Employ Formal Indirect Costs Formula:*

The harbormaster and town administrator should reach agreement on a formal multi-year indirect cost agreement between the marina and town. Indirect costs represent costs incurred by other departments outside the marina enterprise fund that devote time in support of operations. Budgeted at \$37,000 for FY2009, these costs include employee benefits, various insurances and administrative support. Although the calculation to determine indirect cost for health, life, building and liability insurance, as well as worker compensation and Medicare are relatively straightforward, the calculation of staff time dedicated to marina administrative activities is less precise.

We recommend that the town administrator and harbormaster mutually agree to a formula that would serve as the basis for determining an annual indirect cost payment to the town. The formula should have long-term applicability in a way that produces a fair and consistent annual payment. The town accountant should also survey each office to better account for staff time spent on marina activities. In general, indirect departmental salaries are based on the following formula:

$$\frac{\text{Hours Worked on Marina Activities per year by Individual(s)}}{\text{Total Hours Worked per year by Individual(s)}} \times \text{Salary of Individual(s) Working on Marina Activities}$$

Once complete, a more realistic picture will emerge that can be used to accurately calculate the amount of general government administrative support. Officials should also recognize that current pension costs do not appear to be allocated to the marina.

6. Address Assistant Harbormaster Vacancy:

In 2008, Wellfleet's assistant harbormaster retired after 13 years of service. Since then, officials have been in continued discussion on whether to fill the vacancy. To be considered in making a decision is the breadth and depth of responsibilities which the harbormaster is required to fulfill, the skills necessary to perform the work, and the long tradition of providing quality service that the public demands and has come to expect.

The harbormaster's core responsibilities are extensive and necessary to protect the public and marina. The demands placed on the harbormaster have continued to expand over the last ten years, particularly in the area of public safety and homeland security. The harbormaster is also now responsible for operating the fuel dock, pier store and transient moorings, and has assumed all marina maintenance were he previously did not.

Despite being open from May through October, the marina operates year-round. To winterize the marina and prevent ice damage, the harbormaster removes and stores all wooden docks, transient moorings, Private Aids to Navigation (buoys, lights and beacons) and gangways, and disassembles the water and electric systems and positions concrete docks. During the off-season he also repairs docks and moorings, and completes building maintenance as required. Then, once all work is complete, he begins the reverse process to open the marina for the spring.

Officials should also consider that the harbor is an environmentally sensitive area with significant commercial interests at stake. Open to vessels year-round, there is always the threat of fire, sinking or oils spills, which the harbormaster is especially trained to respond, further prompting the need for professional support. There should also be an expectation that the harbormaster would have an assistant with the qualifications and experience necessary to operate and protect the marina and harbor during his absence.

Combined with the responsibilities listed in the overview, we believe this justifies a full-time assistant harbormaster. We encourage the board of selectmen and town administrator to look beyond the immediate financial ramifications, and consider the long-term impact to the marina and harbor if an assistant harbormaster is not employed. The town has made a significant investment in the marina which argues for a full-time professional assistant to support ongoing maintenance. The expense of an assistant harbormaster can be offset by adopting various cost saving methods, as discussed in this report, as well as through rate adjustments. To find a person capable of fulfilling this role, the town administrator and harbormaster should be realistic in setting minimum job requirements. Emphasis must be placed on measurable professional qualifications and relevant work experience.

7. Adopt Third Party Credit Card Processing:

Wellfleet should consider contracting with a financial institution to process credit card payments made to the town. The marina currently accepts credit cards for payment of annual mooring permits and slip leases, for purchases made at the pier store, and for boater fuel at the

fuel shed. Besides the cost of the transaction, the marina charges a convenience fee to recover the cost of credit card company transaction fees. The acceptance of credit cards by the marina and the imposition of associated fees give rise to both accounting and legal issues. In addition, credit card fees, although ultimately recovered by the marina, must be annually budgeted, which if inadequate can result in a deficit. To avoid these problems, the marina should separate itself from this practice and have credit card payments processed through a third party administrator.

Under an agreement, a financial institution can act as an intermediary who processes credit card payments for the marina. Although similar to how transactions are currently handled, the payment and related service charge would be part of a transaction between the customer and the third party institution facilitating the transaction, and not the credit card company directly. The full amount due the marina would still be electronically deposited into the town's bank account with corresponding back-up information provided. In this way, the town is not responsible for collecting the separately billed convenience fee from the credit card company and will no longer need to appropriate funds to cover the obligation.

8. Verify Boat Excise Payments:

The mooring permit and slip lease application process should be adjusted to allow the harbormaster to verify that boat owner excise payments have been made. Currently, mooring permit and slip lease applications are mailed to prior year users in February. Once returned, the harbormaster verifies that the application is in order and issues the mooring permit or slip lease. Unfortunately, this process does not provide the harbormaster with an opportunity to verify that prior year boat excise has been paid. Without proper verification, a mooring permit or slip lease can be issued to an applicant that owes the town boat excise.

As a solution, we recommend that the existing computer connection between the collector's office and the marina be activated so the harbormaster can access the boat excise database to verify payments. This will supplement the entire application, authorization and remittance process for mooring permits and slip leases that is generally completed for the same individuals on an annual basis.

9. Consolidate Marina Websites:

The harbormaster should consolidate the marina's two existing websites into one listed under the www.wellfleet.org domain name. For whatever reason, the marina maintains two independent websites to provide relevant harbor and marina information which can lead to confusion for users. Moreover, both sites appear static, do not share the same information and require more effort to manage and update. Therefore, the marina could benefit from constructing a single, comprehensive webpage that is routinely updated.

Separately, the town should explore adopting a .gov URL ending rather than .org, which is typically reserved for nonprofit organizations.

10. Consider Fuel Pricing Policy:

The harbormaster currently sets retail fuel prices through a mark up of between \$.25 and \$.50 depending on the wholesale purchase price. As we understand it, the retail price established has more to do with staying competitive with peer marinas rather than covering costs or generating overall profits. Although we appreciate this rationale, the marina could benefit from establishing a price that balances its desire to remain competitive with fully recovering the cost to operate the fuel depot. By adopting a technique whereby all direct and indirect costs associated with providing fuel are incorporated into the price, the marina may be able to offset any future user fees increases. The table on the following page depicts the marina's fuel sales and profits over the past four fiscal years:

Marina Fuel Sales & Profits

Fiscal Year	Total Sales	Cost of Fuel	Gross Profit	Profit Margin
2006	\$213,961	\$186,901	\$27,060	12.6%
2007	254,937	193,660	61,277	24.0%
2008	230,621	205,157	25,464	11.0%
2009	207,909	144,101	63,808	30.7%

11. Update Job Descriptions:

Job descriptions for the harbormaster and assistant harbormaster have not been substantively reviewed or updated since 1987. Moreover, the marina's additional support staff do not appear to have job descriptions. We recommend that the harbormaster work with the town administrator to conduct a systematic review of all marina job responsibilities to develop corresponding descriptions. The process should seek to confirm what employees actually do and that all responsibilities are accounted for and documented. Revised job descriptions should be reviewed by effected personnel and by any appropriate department heads.

12. Include Account Codes on Receipt Turnovers:

Per recommended practice, the marina submits a weekly turnover of its receipts to the treasurer. The turnover form is in triplicate, so that one copy is retained by the department, one is given to the treasurer and one is delivered to the accountant. The form also appropriately includes the harbormaster's signature along with a breakdown of currency, checks and credit card receipts. We recommend, however, that department turnover forms also be pre-coded with common receipt names and associated revenue account numbers.

13. Log Vessels Electronically:

From our discussion with town officials, there have been periodic disputes over whether vessels have, or have not been, moored or docked at the marina at a given point in time. As a solution, we suggest that the harbormaster log all vessels electronically in the marina's Campground Software. Although the marina currently shows when and where boats are moored or docked on a whiteboard in the harbormaster's office, an electronic database will enable the harbormaster to track vessels and, more importantly, maintain a recorded history if disputes arise in the future. Furthermore, by logging vessels electronically the harbormaster is assured that information is secure and protected against loss.

14. Reevaluate Charge of the Marina Advisory Committee:

The marina advisory committee bylaw was adopted by special town meeting in 1980 and amended in 2001. It created a committee of seven members and two alternates appointed by the board of selectmen. The members are responsible for studying and making recommendations to the board of selectmen "relative to but not limited to the upgrading of marina electrical systems, establishing a preventative maintenance schedule, recommending the implementation of sanitation regulations, recommending the establishment and feasibility of additional finger piers for commercial vessels, and examining complaints made by any vessel owner."

We encourage the marina advisory committee and harbormaster to reevaluate whether the mission of the committee should be expanded or revised. The current charge focuses on a set of particular circumstances that appears to differ from the actual scope of work being performed by the committee. It may be appropriate to outline a broader mission for the committee. Moreover, because the committee has become a significant contributor to the ongoing operation of the marina, officials may want to establish membership guidelines and prescribed functions within the bylaw.

For Wellfleet, the marina advisory committee might be reconstituted as a waterways commission. In other towns, waterways commissions have a broad scope of responsibilities and focus on issues that reflect the needs of commercial fleets, recreational boaters, sportsmen, and anyone else that takes advantage of deep water resources. The commission would also be more formally responsible for protecting the environment and economic vitality of the harbor, as well as evaluating the marina and harbor operations.

Acknowledgements

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