

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: January 15, 2009
To: Harbor Commission
From: John N. Bridley, Waterfront Director
Subject: **Director's Report**

COUNCIL ACTIONS

- Authorized the Waterfront Director to execute an agreement with the California Department of Boating and Waterways accepting a \$15,000 grant for removal, storage and disposal of abandoned vessels and related hazards to navigation.
- Adopted an ordinance of the Council of the City of Santa Barbara approving a seven-year lease with the Santa Barbara Sailing Club, effective January 22, 2009, for an 8,677 sq. ft. boat storage yard at 118 Harbor Way, at an initial base rent of \$1,443 per month, subject to annual cost of living increases.

CITY BUDGET OVERVIEW FISCAL YEAR 2010

On January 8, 2009, the City Council held a budget workshop to review financial impacts of the difficult economic times affecting all of us. This is clearly having a budgetary impact on the City's General Fund due to a significant downturn in revenues (sales tax, bed tax, etc.). In FY 2009, the budget shortfall is projected at \$5 million and for FY 2010 projected at \$8.5 million. This revenue shortfall is somewhat unprecedented.

Given these budgetary impacts numerous balancing measure are being discussed and explored. It is likely that the City will be evaluating such strategies as operational expenditure cutbacks, program and service level reductions, revenue enhancements, possible employee furloughs and/or layoffs, funding shifts (general fund to enterprise funds) and even the possibility of new or increased tax/fee measures.

The current direction is that the City will develop and adopt a one-year budget. Departments have been given instruction to prepare budget proposals necessary to address a range of \$6.5 to \$8.5 million shortfall. These impacts will be spread to each general fund department including Police and Fire Departments.

The impacts of these budget balancing strategies to the City's enterprise funds is yet to be determined, if any. However, some discussion has been put forward involving the Waterfront Department assuming additional expenditures related to program and services currently provided by the Park and Recreation Department (beach grooming, beach lifeguards, and restroom maintenance). No specific dollar amounts or program details have yet to be identified.

It should be made clear that no decisions on the budgetary balancing measures have been determined at this time. City Department staff, budget managers, Boards and Commissions and City Councilmembers will both evaluate and debate the various proposals over the next three to four months. It is likely final direction and decisions will be determined in the April/May timeframe with adoption of the final budget in June 2009. Attached is a summary of revenue deficits and balancing strategy.

HARBOR COMMISSION VACANCY AND RECRUITMENT

As you know, Commissioner Watson's term on the Board of Harbor Commissioners expired in December 2008. Mr. Watson reapplied for appointment, but was unable to complete the interview process before City Council. No other candidates applied for the vacancy. Therefore, Mr. Watson can continue to serve on the Board until the next City recruitment and appointment process to Boards and Commissions. He has been notified by the City Clerk's Office and has agreed to serve until that time, which is currently scheduled to begin again in June 2009.

Attachment: Summary of Revenue Deficits and Balancing Strategy