

**CITY OF SANTA BARBARA WATERFRONT DEPARTMENT**

**MEMORANDUM**

**Date:** August 17, 2009  
**To:** Harbor Commission  
**From:** John N. Bridley, Waterfront Director  
**Subject:** **Fiscal Year Preliminary Budget Review for the Period Ending June 2009**

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**RECOMMENDATION:**

That Harbor Commission review and consider a status report on the Waterfront Department Fiscal Year 2009 revenue and expenses.

**DISCUSSION:**

**Revenue**

The attached revenue spreadsheet shows FY 2009 budget targets, actual FY 2009 revenue received, and FY 2008 revenues for comparison purposes (Attachment 1). Revenue totals for FY 2009 are summarized below:

<b>Waterfront Department FY 2009 Revenue</b>				
<u>Description</u>	<u>FY 2009 Budget</u>	<u>FY 2009 Actual</u>	<u>Amount over / (under)</u>	<u>% variance</u>
<b>Property Management</b>	4,207,806	4,140,030	(67,776)	-1.61%
<b>Financial Management (Interest)</b>	276,019	341,317	65,298	23.66%
<b>Parking Services</b>	1,879,854	1,793,635	(86,219)	-4.59%
<b>Marina Management</b>	5,069,865	4,752,028	(317,837)	-6.27%
<b>Department Total Revenue</b>	<b>11,433,544</b>	<b>11,027,010</b>	<b>(406,534)</b>	<b>-3.56%</b>

Property Management income for FY 2009 was \$4,140,030, approximately 1.6% less than the projected budget and approximately \$250,000 less than last fiscal year. The most significant shortfalls were related to Stearns Wharf; revenue from Stearns Wharf commercial /retail leases and Stearns Wharf food service leases was approximately \$100,000 below budget. The shortfall represents approximately 3.7% (\$63,000) less revenue than FY 2008. By comparison, hotel bed tax (Transient Occupancy Tax) was down 6.7% for the same time period, July 2008-June 2009.

Financial Management (interest income) revenue for FY 2009 was \$341,317, which was \$65,000 more than was projected. Interest income projections are provided by the Finance Department as part of the budget development process.

Parking revenue for FY 2009 was \$1,793,635, 4.6% below the projected budget and approximately \$67,000 less than last year. Stearns Wharf parking revenue was \$47,000 below budget and annual Waterfront parking permit revenue was \$46,000 below budget. Annual parking permit rates were increased 46% (\$65 to \$95) between FY 2004 and FY 2007. Approximately 5,250 annual permits were sold in 2005 compared to 3,781 in 2009, a decline of approximately 27%.

Revenue from the Marina Management program was \$4,752,028, which was \$318,000 (6.3%) under budget, primarily due to a shortfall in slip transfer fees. Since July 1, 2009, the Department has received \$148,025 in slip transfer fee revenue which is an encouraging sign.

Total revenue for the Department was \$11,027,011 for FY 2009, which was \$406,533 or 3.6% under budget. Overall, the Department received approximately \$604,000 or 5.2% less revenue than last fiscal year.

## **Expenses**

Salary and Benefits expense totaled \$5,394,474 for the year, which was \$101,000 less than budgeted, primarily due to employee turnover and replacements that were hired at a lower pay step.

Supplies and Services totaled \$3,464,248 for the year, which was \$284,500 under budget (7.6%). The primary areas that were under budget were Harbor Maintenance, Wharf Maintenance, and Parking Services programs. This was due to savings in the Parking equipment line item (\$66,000), and to lower than expected electrical costs (\$36,710), rental equipment costs (\$34,000), waste disposal (\$20,400) and maintenance costs (\$54,800) on Stearns Wharf. Most of the cost saving is directly attributable to an extremely mild winter last year, which resulted in less need for repair and maintenance.

Total expense for the Department for FY 2009 was \$11,467,272. This amount includes \$865,671 in transfers to fund the capital projects appropriated in FY 2009. At year-end, the Department was approximately \$702,000 (5.8%) under budget, which is primarily due to the Salaries and Benefits and Supplies and Services line items coming in \$385,500 under budget, and not needing to use \$150,000 in Appropriated Reserves (Attachment 2). Additionally, \$61,000 was saved from the capital budget due to the delay of the implementation of the citywide Financial Management System (FMS) accounting software replacement project.

Attachments: 1. FY 2009 Revenue  
2. FY 2009 Expense by Program  
3. FY 2009 Expense Summary

Prepared by: Scott Riedman, Waterfront Business Manager