

**BOARD OF HARBOR COMMISSIONERS
CITY OF SANTA BARBARA
MINUTES**

Regular Monthly Meeting

March 19, 2009

City Council Chambers - City Hall 6:30 p.m.

ROLL CALL 6:32 p.m.

Commissioners Present

Will Anikouchine
Betsy R. Cramer
Frank Kelly
Charles Watson

Staff Present

John Bridley, Waterfront Director
Scott Riedman, Waterfront Business Manager
Karl Treiberg, Facilities Manager
Mick Kronman, Harbor Operations Manager
Mary Adams, Harbor Commission Secretary

Councilmembers Present

None

CHANGES TO THE AGENDA

None

PUBLIC COMMENT

None

HARBOR COMMISSION MATTERS

1. Approval of Minutes

Moved to approve the minutes from the March 19, 2009, Harbor Commission meeting. Watson/Cramer 4-0.

DIRECTOR'S REPORT

2. Department Update

- West Beach Feasibility Report
- Tentative Agenda Items for April

3. Harbor Operations Report

- Gray Whale Visits Harbor Entrance
- Wet Wednesday Races Begin march 18th
- Save the Date: Harbor Swap Meet and Hazmat Turn-In Day May 16th

NEW BUSINESS

4. Fiscal Year 2010 Operation Budget Recommendation

Staff Report: Scott Riedman, Business Services Manager

Harbor Commission received a staff report and PowerPoint presentation on the Waterfront Department's proposed FY 2010 Operating Budget submittal. Mr. Riedman added that staff had met with Wharf Merchants and 14 out of 16 merchants were represented at the meeting. John Scott, who had expressed opposition to the parking fee increase, was not in attendance at the meeting.

Commissioner Watson asked staff to explain why the Harbor Preservation Fund (HPF) has been allowed to go below \$5 million. Mr. Riedman explained that there were a number of factors involved including the Department's extensive insurance coverage for fire, earthquake, flood, and loss of rents where the Waterfront is only responsible for the \$500,000 deductible. The HPF is designated as a reserve, which can be used for Capital Improvement Projects. Additionally, there are other reserves that can be tapped, such as the 25% Operating Reserve and 10% Reserve for future years budget shortfalls, and finally 15% Reserve for economic uncertainties.

Commissioners' Comments and Concerns:

- Issues associated with raising revenue vs. raising fees in difficult economic times
- Harbor users having to bear the brunt of fee increases in order to pay for General Fund programs
- City employees should take a pay cut, 10% cut in salary and benefits would cover the budget shortfall (\$500,000)
- Adamantly oppose any funding shift from Waterfront to General Fund
- Funding Shift would create an unjustified burden on an Enterprise Department that has very few options to raise additional revenues
- Unfair that Funding Shift numbers have not been provided to staff and/or Harbor Commission in order to analyze or evaluate impacts on the Waterfront Department
- Difficult to do any future planning because you can't account for the unforeseen costs, i.e. funding shifts
- Unpredictable leak in Waterfront's funding source
- Public property previously taken care of with taxpayer dollars are now being shifted to a small group of slip holders who already pay taxes

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- Feel that if we continue to increase costs to the consumer, we decrease value or deteriorate the value of what we provide, i.e. degrade the value of the product
- Waterfront should receive some of the revenue generated from Parks and Recreation programs, if required to pay for them
- Would like to see staff reductions instead of fee increases

Commissioners were interested in delaying a decision on the budget due to lack of information on the potential Program Funding Shift to Parks and Recreation.

Speaker: Bob Kieding: Expressed his concerns regarding the potential funding shift where Waterfront would be paying for programs, but receive no revenue. He feels there is a transparency problem regarding taking Waterfront funds to pay for Park and Recreation programs. He would like staff to hold a special Harbor Commission meeting so constituents can be noticed and speak out about this issue. Also, Mr. Kieding suggested looking into using concrete pilings on the wharf to save money.

Moved to reject budget as proposed because it does not address the unsustainable salary and benefits package structure for Waterfront employees. Watson/Anikouchine 3-1(Cramer against).

Moved to have staff resubmit the proposed operating budget showing staff and service reductions with two scenarios: one identifying \$250,000 in staff reductions including dollar amount of positions; and another scenario showing \$500,000 in additional staff reductions and how the department would deal with these staff reductions and the effects these staff reductions would have on services in the Harbor. Kelly/Anikouchine 4-0.

5. Clean Marina Program

Staff Report: Mick Kronman, Harbor Operations Manager

Mr. Kronman provided a comprehensive review, including a PowerPoint presentation, on the Waterfront Department's Clean Marina Program. Harbor Commissioners complimented Mr. Kronman on the thorough report; commenting and asking questions on the information presented.

COMMISSION/STAFF COMMUNICATIONS

ADJOURNMENT

Moved to adjourn the meeting at 9:00 p.m. Anikouchine/Cramer 4-0.