

**CITY OF SANTA BARBARA WATERFRONT DEPARTMENT**

**MEMORANDUM**

**Date:** March 17, 2011  
**To:** Harbor Commission  
**From:** John N. Bridley, Waterfront Director  
**Subject:** **Fiscal Year 2012 and 2013 Operating Budget Recommendation**

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**RECOMMENDATION:** That Harbor Commission:

- A. Receive a staff presentation on the Waterfront Department's proposed Fiscal Year 2012 and Fiscal Year 2013 budget submittal;
- B. Recommend approval of a \$25 per linear foot slip transfer fee increase in Fiscal Year 2012 and Fiscal Year 2013 on all slip categories except 20 foot slips;
- C. Recommend approval of a 3% slip fee increase in Fiscal Year 2012 and a 2% slip fee increase in Fiscal Year 2013; and
- D. Forward a recommendation to City Council for approval of the Waterfront Department's proposed Fiscal Year 2012 and Fiscal Year 2013 budget and incorporation into the City budget process.

**BACKGROUND:**

On September 16, 2010, the Harbor Commission reviewed the Waterfront Department's six-year Capital Improvement Plan (CIP), and recommended Council approval of the Waterfront CIP. \$5,319,000 is proposed to fund capital projects in FY 2012 and FY 2013, including \$3.4 million in loan and grant funding from the State Department of Boating and Waterways (DBAW).

The Harbor Commission received a FY 2011 Mid-Year Budget review on January 20, 2011, including a status report on actual revenues and expenditures from July 1 - December 31, 2010, as well as a seasonally adjusted estimate for year-end revenue totals.

Publicly noticed meetings of the Commission's Budget Committee (Commissioners Kelly and Cramer) met at the Waterfront Department conference room with staff on February 9, 2011, to review budget issues for FY 2012 and FY 2013 (July 1, 2011-June 30, 2012 and July 1, 2012-June 30, 2013).

On February 17, 2011, the Commission received a detailed report on the development status of the proposed FY 2011 Waterfront Department operating and capital budget.

On March 9, 2011, Department staff reviewed the draft budget submittal with the City Administrator and Finance Department staff.

**DISCUSSION:**

**FY 2012 / FY 2013 Expenditures**

At the February 17 Harbor Commission meeting, staff presented a detailed overview of the Department’s proposed operating budget. On March 9, staff received reduced figures from the Finance Department for worker’s compensation, property and liability insurance, and increased figures for Overhead Allocation. As a result, expenditure figures have been revised on the following table and on the Department summary (Attachment 1):

<b>Waterfront Expenditures</b>					
By Program /in thousands					
Program	FY 2011 Budget	FY 2012 Projected	FY 2013 Projected	Change \$	Change %
				FY 11/12	FY 11/12
Administration	1,728	1,740	1,766	12	0.7%
Admin. (Debt Service)	1,666	1,777	1,849	111	6.7%
Admin. (Capital Transfer)	969	850	1,035	-119	-12.3%
Property Management	265	251	255	-14	-5.3%
Financial Management	189	200	202	11	5.8%
Parking Services	916	921	929	5	0.5%
Harbor Patrol	1,951	2,000	2,023	49	2.5%
Marina Management	287	295	298	8	2.8%
Facilities/ Harbor	2,701	2,778	2,788	77	2.9%
Facilities/ Wharf	950	961	971	11	1.2%
Facilities & Capital	229	235	238	6	2.6%
<b>Total</b>	<b>11,851</b>	<b>12,008</b>	<b>12,354</b>	<b>157</b>	<b>1.3%</b>

**FY 2012 / FY 2013 Fee Adjustments - July 1, 2011**

As discussed at the February Budget Committee and Harbor Commission meetings, the following fee adjustments are recommended:

- \$25 per foot slip transfer fee increase on all size categories except 20’ slips in FY 2012 and FY 2013; and
- 3% slip fee increase in FY 2012 and 2% slip fee increase in FY 2013.

**Parking Fee Resolution**

In 2002, the Waterfront Department began charging vehicles displaying Disabled Person (DP) parking placards or DP license plates a discounted rate of \$1.00 per hour on Stearns Wharf and \$0.50 per hour in other parking lots.

As discussed at the May 2010 Harbor Commission meeting, the Department is beginning to upgrade the Honor Fee parking lots with self-pay parking systems that are capable of

accepting credit cards, cash and coin payment. Since the self-service machines cannot verify whether or not a vehicle has a DP placard or license plate, staff recommends eliminating the discounted rate in the Parking Fee Resolution and charging regular rates to all vehicles. The free validation period on Stearns Wharf would be extended from 90 minutes to 2½ hours for vehicles with DP placards or license plates.

All Waterfront lots including Stearns Wharf have the required number of spaces reserved for handicap accessibility. The Airport Department does not offer discounts to vehicles with DP placards or license plates. Downtown Parking offers an extended free period of 2½ hours for DP vehicles vs. 75 minutes.

**FY 2012 / FY 2013 Revenue**

Revenue projections have not been revised since the February 17 Harbor Commission meeting and are shown on the following table:

<b>Waterfront Revenues</b>					
By program / in thousands					
	FY 2011	FY 2012	FY 2013	Change \$	Change %
	Budget	Proposed	Proposed	FY2011/12	FT2011/12
Property Management	3,959	4,140	4,217	181	4.6%
Financial Management	216	216	216	0	0.0%
Parking Services	2,160	2,158	2,202	-2	-0.1%
Marina Management	5,428	5,265	5,370	-163	-3.0%
<b>Total</b>	<b>11,763</b>	<b>11,779</b>	<b>12,005</b>	<b>16</b>	<b>0.1%</b>

**Six-Year Cash Flow Model**

The February budget staff report included a draft of the Department’s six-year cash flow model in spreadsheet format. A series of charts is attached to this month’s report to convey the principal points of the cash flow model in a more graphic format. Attachment 2 shows that operating revenue is forecast to remain in excess of operating expense between FY 2012 and FY 2017. Attachment 3 shows that net revenue after expense will remain sufficient to maintain the required debt service coverage ratio until FY 2016. Attachment 4 indicates that the Harbor Preservation Fund / Capital Reserve will remain above the required minimum of \$2 million between FY 2012 and FY 2017.

**Summary:**

The Harbor Commission advisory role on the Waterfront Department budget development is very important. In fact, as per the City Charter, it is required. Staff requests the Commission to consider the information, analysis and recommendations submitted and be prepared to both discuss and make recommendations at the March 2011 meeting, which will then be forwarded to Council.

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The City's overall budget development and review process continues for several more months. The Council is expected to receive the submitted City Budget in mid to late April. Council reviews of City Department budgets will continue into May and early June. Council needs to adopt a final budget before July 1<sup>st</sup>.

Attachments: 1. Waterfront Expenditures /Department Summary  
2. Operating Revenue / Operating Expense  
3. Debt Service Coverage Ratio  
4. Reserve Balances

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