

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: September 20, 2018
To: Harbor Commission
From: Scott Riedman, Waterfront Director
Subject: Waterfront Department Fiscal Year 2018 Preliminary Budget Review

RECOMMENDATION:

That Harbor Commission receive a staff report providing a brief summary of the Waterfront Department's revenues and expenditures as of June 30, 2018, and provide comments as appropriate.

Revenue

The Waterfront Department, as a whole, saw revenues exceed budget estimates by 1%, or \$135,144. It is likely that the Thomas Fire and the Montecito Mud Flow had negative impacts on overall revenues during December and January and possibly lingering into spring. Revenue totals for FY 2018 programs are summarized below in Table 1:

Table 1: Waterfront Department Revenues				
Description	FY 18 Budget	FY 18 Actual	Remaining Balance	Variance Over/(Under) Budget
Leases - Commercial	1,768,680	1,729,786	(38,894)	-2%
Leases - Food Service	3,222,565	3,128,713	(93,852)	-3%
Slip Rental Fees	4,462,102	4,510,472	48,370	1%
Visitor Fees	490,000	513,153	23,153	5%
Slip Permit Transfer Fees	830,000	1,107,150	277,150	33%
Parking Revenue	2,786,736	2,543,005	(243,731)	-9%
Wharf Parking	188,772	164,205	(24,567)	-13%
Grants	-	24,493	24,493	
Other Fees & Charges	297,153	323,785	26,632	9%
Investment Income	119,600	164,800	45,200	38%
Rents & Concessions	366,608	355,981	(10,627)	-3%
Reimbursements	-	7,440	7,440	
Miscellaneous	335,300	429,678	94,378	28%
TOTAL REVENUES	14,867,516	15,002,660	135,144	1%

- Commercial Leases and Food Service Leases (which includes Stearns Wharf and the Harbor) were down 2% and 3% for the year.
- Visitor Fees remained strong, up 5%, again proving that Santa Barbara Harbor continues to be a popular destination for the boating and sailing community.
- The Department continues to see positive gains in Marina Management revenue that can be attributed to very strong performance in Slip Permit Transfer Fees. Slip Permit Transfer Fees eclipsed the \$1,000,000 mark for the second year in a row.
- Parking Revenue was off by 9%, or \$243,731, primarily due to reduced revenue from the Cabrillo East and West Parking lots due to construction staging for the Park Department's Cabrillo Pavilion Renovation project. Other possible impacts that attributed to the revenue decline include the Thomas Fire, Montecito Mud Flow and somewhat cool and foggy weather in spring and early summer. Similarly, Wharf Parking is also down 13%, or \$24,567 for the fiscal year and can likely be attributed to the impacts of the Thomas Fire and Montecito Mud Flow as well as the somewhat cool and foggy weather in spring and early summer.
- Other Fees and Charges includes revenue generated from Liveaboard Fees, the Boat Wash and the Ice Machine all of which saw small gains.
- Investment Income had a remarkably strong year and posted a 38% (\$70,273) gain over budgeted revenue and can be attributed to strong financial markets.
- Rents and Concessions revenues include lease revenues from the Yacht Club, UCSB Sailing, National Oceanic and Atmospheric Administration offices, SB Sailing Club, etc. The decline is likely due to the closing of the Marine Mammal Center (MMC) and thus no revenue stream from that lease. This revenue will be made whole in FY 2019 with the recent addition of the Channel Islands Marine and Wildlife Institute's new lease at the former MMC the space
- FY 2018 Reimbursements include a one-time reimbursement of \$7,440 to Harbor Patrol for new radios.
- Miscellaneous revenues includes revenues from Cruise Ships which came in 28% over budgeted revenue estimates due to visiting cruise ships carrying more passengers than originally anticipated. Although the same number of cruise ships (17) will visit Santa Barbara in FY 2019, revenues will be lower due to visiting cruise ships being smaller and thus carrying fewer passengers.

Expenditures

The Waterfront Department, as a whole, saw expenditures come in at \$14,389,263, or 9% below budgeted levels and are summarized below in Table 2:

Table 2: Waterfront Department Expenditures				
Description	FY 2018 Budget	FY 18 Actual	Over/(Under) Budget	FY 18 Actual vs. FY 18 Budget YE Variance
Salaries & Benefits	\$ 6,720,563	\$ 6,211,967	\$ (508,596)	-8%
Materials, Supplies & Services	\$ 4,899,858	\$ 4,201,496	\$ (698,363)	-14%
Special Projects	\$ 472,757	\$ 414,098	\$ (58,659)	-12%
Debit Service	\$ 1,733,437	\$ 1,684,288	\$ (49,149)	-3%
Capital Outlay Transfers	\$ 1,717,407	\$ 1,717,407	\$ (0)	0%
Equipment	\$ 176,206	\$ 148,434	\$ (27,772)	-16%
Other	\$ 2,375	\$ 11,575	\$ 9,200	387%
Appropriated Reserve	\$ 70,000	\$ -	\$ (70,000)	-100%
TOTALS	\$15,792,603	\$ 14,389,263	\$ (1,403,340)	-9%

- Total Salaries and Benefits, Materials, Supplies and Services, Special Projects, Debt Service, Capital Outlay Transfers, Equipment, and Appropriated Reserves are all at, or below, the budgeted expenditures for FY 2018. The only category that exceeded budgeted expenditures was the Other category as discussed below.
- Salaries and Benefits expenditures are down primarily due to vacant positions and resultant savings in Parking (\$96,000), Harbor Patrol (\$108,000), Marina Management (\$41,000), Harbor Maintenance (\$118,000), and Wharf Maintenance (\$75,000).
- Materials, Supplies and Services are down due to savings in a variety of areas including, Facilities Maintenance at the Wharf and Harbor (\$165,000) due to some projects being moved to the Capital Projects program, Cruise Ship expenditures were down nearly \$90,000 due to fewer and smaller cruise ships visiting Santa Barbara as mentioned earlier in this report, Parking Services saved \$20,000 by entering into an annual maintenance agreement with T2/Sentry for parking equipment maintenance at Harbor Main and Stearns Wharf, and Administration saved over \$20,000 by entering into a new equipment rental program for the Department's copy machines.
- Special Projects were down primarily due to the cancellation of the Parade of Lights and the corresponding firework show due to the Thomas Fire.

- Debt Service came in below budget due to the State of California's delay in processing invoices and payments regarding the Department's Division of Boating and Waterways Marina One Loan.
- Equipment expenditures came in below budget likely due open positions in Facilities which results in fewer projects being completed during the fiscal year.
- The Other category was the only expenditure category over budget due to the closure of an employee's home loan via the City's former Employee Mortgage Loan Assistance Program.

Revenues: 2018 vs. 2017

The attached revenue spreadsheet shows FY 2018 budget targets, actual FY 2018 revenue received, and FY 2017 revenues for comparison purposes. Again, total revenue for the Department was \$15,002,660 for FY 2018, a 1.24% (-\$188,839) decrease from Fiscal Year 2017.

Attachment: Revenue by Line Item: FY 2018 vs. FY 2017

Prepared by: Brian Bosse, Waterfront Business Manager

Waterfront Department Revenue

Description	Revised FY18 Budget	FY 18 Actual	FY 17 Actual	Variance \$ FY18-FY 17	Variance % FY18-FY17
Leases Commercial	1,768,680	1,729,786	1,724,230	5,556	0.32%
	-				
Food Service	3,222,565	3,128,713	3,083,598	45,114	1.46%
Leases Other	243,221	268,856	245,584	23,272	9.48%
Ice Machine	36,309	40,780	34,488	6,292	18.24%
CAM	123,387	87,126	95,081	(7,956)	-8.37%
Miscellaneous Revenue	85,300	102,536	84,808	17,728	20.90%
Cruise Ships	250,000	327,142	497,282	(170,140)	-34.21%
Total Property Management	5,729,462	5,684,938	5,765,072	(80,134)	-1.39%
Interest Income	119,600	164,800	70,273	94,527	134.51%
Total Financial Management	119,600	164,800	70,273	94,527	134.51%
Harbor Valet Parking	500	504	456	48	10.41%
Cabrillo East	167,570	110,980	156,647	(45,667)	-29.15%
Cabrillo West	164,822	139,288	185,901	(46,613)	-25.07%
Palm Park	511,048	488,751	509,733	(20,983)	-4.12%
Garden Street	271,524	222,583	281,197	(58,614)	-20.84%
Harbor West	198,105	161,901	189,666	(27,765)	-14.64%
Leadbetter	276,639	319,598	284,455	35,143	12.35%
La Playa East	12,452	9,511	10,506	(995)	-9.47%
La Playa West	7,944	5,798	6,260	(462)	-7.39%
Harbor Lot	727,332	612,901	668,472	(55,571)	-8.31%
Stearns Wharf	188,772	164,205	176,581	(12,376)	-7.01%
Waterfront Parking Permits	448,800	461,393	503,460	(42,067)	-8.36%
Boat Wash Machine	4,169	4,185	4,020	165	4.10%
Misc. Parking	-	9,799	2,910	6,889	236.71%
Total Parking Services	2,979,677	2,711,395	2,980,265	(268,870)	-9.02%
Patrol Reimbursement		7,440	5,535	1,905	34.41%
Live Aboard Fees	170,000	176,350	174,755	1,595	0.91%
Slip Rentals	4,462,102	4,510,472	4,420,996	89,476	2.02%
Visitor Fees	490,000	513,153	529,212	(16,059)	-3.03%
Skiff Tie-Ups	5,600	4,150	5,150	(1,000)	-19.42%
Fish Hoist 1	7,500	4,848	6,288	(1,441)	-22.91%
Fish Hoist 2	-	80	0	80	
Wharfage & Dockage	2,000	872	20,815	(19,943)	-95.81%
Slip Transfer Fees	830,000	1,107,150	1,114,925	(7,775)	-0.70%
Slip Waiting List	2,295	2,080	2,360	(280)	-11.86%
Key Card	12,240	12,522	11,391	1,131	9.93%
SB Mooring Area Permit	5,000	4,300	5,000	(700)	-14.00%
Yacht Club Hoist	2,040	2,040	2,001	40	2.00%
Miscellaneous Revenue	50,000	71,578	52,203	19,375	37.11%
Used Oil Grant/Litter Grant		24,493	25,257		
Total Marina Management	6,038,777	6,434,088	6,370,354	63,734	1.00%
Department Total	14,867,516	15,002,660	15,191,499	(188,839)	-1.24%