

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: February 21, 2019
To: Harbor Commission
From: Scott Riedman, Waterfront Director
Subject: Fiscal Year 2019 Mid-Year Budget Report

RECOMMENDATION:

That Harbor Commission receive and review a status report on the Waterfront Department Fiscal Year 2019 Mid-Year Budget revenues and expenditures.

Fiscal Year 2019 Year-To-Date Revenue

Table 1 (below) summarizes the Department's revenue as of December 31, 2018, which is half-way through the fiscal year. Column two reflects budgeted revenue estimates. Column three shows actual year-to-date revenues while column four, titled "FY 19 Projection (July – June)" shows projected revenue at year-end using a seasonally weighted three-year average. If the pattern continues, it is estimated that Department revenue will be approximately 1.7% above budget (\$259,858) at the end of the fiscal year (June 30, 2019).

by Program					
Program	FY 19 Budget (July-June)	FY 19 Actual YTD (July-Dec)	FY 19 Projection (July-June)	Year End Variance \$	Year End Variance %
Property Management	\$ 5,837,934	\$ 3,091,515	\$ 5,824,758	\$ (13,176)	-0.2%
Financial Management	\$ 228,100	\$ 109,652	\$ 221,257	\$ (6,843)	-3.0%
Parking Services	\$ 2,870,138	\$ 1,507,497	\$ 2,927,541	\$ 57,403	2.0%
Marina Management	\$ 6,319,491	\$ 3,404,322	\$ 6,541,965	\$ 222,474	3.5%
Totals	\$ 15,255,663	\$ 8,112,987	\$ 15,515,521	\$ 259,858	1.7%

The Property Management program is looking to come in just below (-0.2%) budgeted revenue expectations. Harbor and Wharf Commercial revenues are up 3% at mid-year but Harbor and Wharf Food Service are down 2% for the same period. Although vehicle traffic has increased from last calendar year (+2,000 vehicles), pedestrian traffic onto the Wharf continues to decline for the fourth consecutive year with 63,735 fewer pedestrians in calendar year 2018 versus 2017. This decrease in foot traffic is likely a contributing reason for overall revenues being lower in FY 2019. Cruise ship revenues are down, as was expected and as budgeted, due to fewer, smaller ships visiting Santa Barbara this fiscal year as the cruise ship industry is repositioning its global fleet. We

will see this revenue category increase in FY 20 as more cruise ships will be coming through Santa Barbara (28 in FY 20 vs. 21 in FY 19).

The Financial Management program consists of interest earned on the Department's reserves. Interest revenue is below budget projections and is projected to finish the year down approximately \$6,800.

The Parking Services program is on track to come in slightly above budget projections for Fiscal Year 2019. Through mid-year, 7 of 10 Waterfront parking lots show an increase over last year at the same time. Cabrillo East and Cabrillo West Parking Lots continue to be down significantly due to the Cabrillo Pavilion renovation project being managed by the Parks Department. The project is scheduled to be complete in June and we anticipate that revenues for those two parking lots will slowly rebound in FY 20.

Marina Management revenue is expected to finish the year approximately 3.5% (or \$222,474) above Fiscal Year 2019 budget expectations based on the three-year seasonally weighted averages. Revenues in Marina Management have been buoyed by continued strong Slip Transfer Fees. The Department had 40 transfers in the first six-months resulting in \$691,247 in revenue.

The Attachment, "Waterfront Department Revenues Through December 31, 2018", shows 2019 year-to-date revenue at the line item level, and includes a comparison to Fiscal Year 2018 figures for the July-December time period.

Fiscal Year 2019 Year-To-Date Expenditures

Table 2 (below) shows Waterfront Department Expenditures, by program, through December 31, 2018. The table does not include encumbrances, which are funds that were "promised" by entering into contracts at the beginning of the fiscal year but are actually expended throughout the year. All Waterfront Department program areas are under proposed budget expenditures at mid-year except Facilities Design and Capital Programs which is 12.4% above budgeted expenditures. This is due to initiating and funding of capital projects in the first half of the fiscal year in order to get the projects up and running. We anticipate all Waterfront Department programs to be under the proposed budget expenditures at the conclusion of Fiscal Year 2019.

Table 2: Waterfront Department Expenditures

by Program as of 12/31/18

Program	FY 19 Budget	YTD Expenditures as of 12/31/18	FY 19 % of Budget
Admin & Community Relations	\$ 2,741,205	\$ 1,285,368	46.89%
Property Management	\$ 474,922	\$ 194,040	40.86%
Financial Management	\$ 374,973	\$ 183,441	48.92%
Parking Services	\$ 1,061,698	\$ 497,777	46.88%
Harbor Patrol	\$ 2,571,361	\$ 1,164,900	45.30%
Marina Management	\$ 406,731	\$ 147,548	36.28%
Harbor Maintenance	\$ 3,712,971	\$ 1,542,345	41.54%
Wharf Maintenance	\$ 1,157,979	\$ 470,926	40.67%
Facilities Design & Capital Programs	\$ 3,525,188	\$ 2,199,806	62.40%
Total	\$ 16,027,028	\$ 7,686,150	47.96%

Table 3 (below) shows Waterfront Department expenditures at the consolidated level as of December 31, 2018. The encumbrance and debt service amounts are included in this table and show total expenditures of \$8,694,414 or 54.25% of total budgeted expenditures. Salaries and Benefits are down slightly due to a number of positions being vacant in the Department including the Harbor Patrol Division (Harbor Patrol Officer), and the Administrative Division (Administrative Analyst and Executive Assistant). The Executive Assistant position was recently filled, however, the Harbor Patrol officer and Administrative Analyst position remain vacant. Principal payments for the Department debt service are above mid-year budget expenditure levels because principal payments are front-loaded for the early part of the fiscal year. As of December 31, 2018, the Department is on track to stay within its budgeted expenditures.

Table 3: Waterfront Department Expenditures			
Consolidated as of 12/31/18			
Description	FY 19 Budget	YTD Expense as of 12/31/18	FY 19 % of Budget
Total Salaries & Benefits	\$ 7,003,667	\$ 3,148,722	44.96%
Allocated Costs	\$ 1,499,624	\$ 749,844	50.00%
Total Supplies & Expenses	\$ 3,554,764	\$ 1,441,822	40.56%
Community Promotions (1)	\$ 435,154	\$ 203,941	46.87%
Transfers to Capital (2)	\$ 1,214,815	\$ 591,885	48.72%
Non-Capitalized Outlays (3)	\$ 103,732	\$ 25,326	24.41%
Beach Lifeguard Service	\$ 109,659	\$ 54,830	50.00%
Subtotal	\$ 13,921,415	\$ 6,216,368	44.65%
Other			
Principal - 581100	\$ 1,298,208	\$ 899,648	69.30%
Interest - 581200	\$ 748,030	\$ 570,134	76.22%
Appropriated Reserves/Fiscal Agent Fees	\$ 59,375	\$ -	0.00%
Total Other	\$ 2,105,613	\$ 1,469,782	69.80%
Subtotal	\$ 16,027,028	\$ 7,686,150	47.96%
Encumbrances (4)		\$ 1,008,264	
Adjusted Total	\$ 16,027,028	\$ 8,694,414	54.25%

- (1) July 4th fireworks, Shuttle Bus
- (2) Transfer to fund capital projects, patrol boat, software upgrade, dredging
- (3) Non-capitalized equipment and computer hardware
- (4) Funding committed but not yet expended i.e., contracts

Attachment: Waterfront Department Revenues through December 31, 2018

Prepared by: Brian Bosse, Waterfront Business Manager

ATTACHMENT 1

Waterfront Department Revenues through December 31, 2018

The table below, Waterfront Department Revenues, shows FY 2019 year-to-date revenue at the line item level and includes a comparison to FY 2018 figures for the July-December time period.

Description	Annual Budget	Actual YTD 12/31/18	Actual YTD 12/31/17	Change from Prior Year \$	Change from Prior Year %
Leases - Commercial	1,804,054	990,427	977,792	12,636	1.29%
Leases - Food Service	3,287,016	1,709,879	1,795,000	(85,122)	-4.74%
Leases - Other	247,749	141,956	132,562	9,394	7.09%
CAM	125,855	44,996	42,608	2,388	5.60%
Cruise Ships	250,000	140,153	176,927	(36,774)	-20.78%
Harbor Festival	14,825	20,700	18,675	2,025	10.84%
Miscellaneous Revenue	71,400	17,032	55,994	(38,962)	-69.58%
Ice Machine	37,035	26,373	22,175	4,197	18.93%
Total Property Management	5,837,934	3,091,515	3,221,733	(130,217)	-4.04%
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Interest Income	228,100	109,652	75,143	34,509	45.93%
Total Financial Management	228,100	109,652	75,143	34,509	45.93%
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Cabrillo East	90,000	30,400	71,060	(40,660)	-57.22%
Cabrillo West	80,000	69,804	96,055	(26,251)	-27.33%
Palm Park	521,268	292,645	289,253	3,392	1.17%
Garden Street	276,954	128,323	140,877	(12,554)	-8.91%
Harbor West	202,068	104,593	96,538	8,056	8.34%
Leadbetter	282,172	188,797	176,550	12,248	6.94%
La Playa East	12,701	12,388	5,595	6,794	121.43%
La Playa West	8,103	6,481	4,787	1,694	35.40%
Harbor Lot	741,879	357,117	332,742	24,375	7.33%
Stearns Wharf	192,548	93,640	82,994	10,647	12.83%
Waterfront Parking Permits	457,776	221,450	165,849	55,601	33.53%
Boat Wash Machine	4,169	2,188	2,807	(619)	-22.06%
Harbor Valet Parking	500	-	-	-	N/A
Over (short)	-	(330)	167	(497)	-297.13%
Compensation - Property Damage	-	-	13,830	(13,830)	
Total Parking Services	2,870,138	1,507,497	1,479,101	28,396	1.92%
Harbor Patrol - Property Damage		-	7,440	(7,440)	
				-	
Live Aboard Fees	170,000	91,700	85,175	6,525	7.66%
Slip Rentals	4,551,344	2,285,723	2,258,743	26,981	1.19%
Visitor Fees	510,000	296,819	273,298	23,521	8.61%
Skiff Tie-Ups	5,600	2,850	1,950	900	46.15%
Fish Hoist 1	7,500	2,475	2,606	(130)	-5.00%
Fish Hoist 2	-	-	80	(80)	-100.00%
Wharfage & Dockage	2,040	489	263	226	85.75%
Slip Transfer Fees	1,000,000	691,247	712,200	(20,953)	-2.94%
Slip Waiting List	2,341	1,960	2,080	(120)	-5.77%
Key Card	12,485	10,462	7,296	3,166	43.39%
SB Mooring Area Permit	5,100	4,050	4,050	-	0.00%
Yacht Club Hoist	2,081	1,041	1,020	20	2.00%
Miscellaneous Revenue	51,000	15,510	28,261	(12,751)	-45.12%
Over/Short	-	(4)	41	(45)	-109.25%
Total Marina Management	6,319,491	3,404,322	3,377,062	27,260	0.81%
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Department Total	15,255,663	8,112,987	8,160,479	(47,492)	-0.58%