

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: September 19, 2019
To: Harbor Commission
From: Brian J. Bosse, Acting Waterfront Director
Subject: Waterfront Department Fiscal Year 2019 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, 2019, and provide comments as appropriate.

Revenues at Year-End

The Waterfront Department, as a whole, saw revenues exceed budget estimates by less than 1%, or \$9,259. Likely, the first wet winter in over five years coupled with a relatively cool spring and summer had negative impacts on overall revenues. Revenue totals for FY 2019 programs are summarized below in Table 1:

Table 1: Waterfront Department Revenues					
Description	FY 19 Budget	FY 19 Actual	Over/(Under) Budget	Variance Over/(Under) Budget	FY 18 Actual
Leases - Commercial	1,804,054	1,795,289	(8,765)	0%	1,729,786
Leases - Food Service	3,287,016	3,108,590	(178,426)	-5%	3,128,713
Slip Rental Fees	4,551,344	4,590,326	38,982	1%	4,518,571
Visitor Fees	510,000	533,386	23,386	5%	513,153
Slip Permit Transfer Fees	1,000,000	1,189,447	189,447	19%	1,107,150
Parking Revenue	2,673,421	2,605,027	(68,394)	-3%	2,543,974
Wharf Parking	192,548	179,476	(13,073)	-7%	164,205
Grants	-	25,967	25,967		22,243
Other Fees & Charges	299,351	346,095	46,744	16%	323,785
Investment Income	228,100	233,192	5,092	2%	84,309
Rents & Concessions	373,604	369,338	(4,266)	-1%	355,981
Reimbursements	-	-	-		7,440
Miscellaneous	336,225	288,789	(47,436)	-14%	429,678
TOTAL REVENUES	15,255,663	15,264,922	9,259	0%	14,928,986

Although year-end revenues ended the year less than 1% over budgeted projections, it should be noted that FY 2019 revenues exceeded FY 2018 revenues by \$335,936, or 2.3%. FY 2019 revenues included:

- Leases - Commercial (includes Stearns Wharf and the Harbor) were relatively flat at \$1,795,289, slightly under projected revenues of \$1,804,054;

- Leases - Food Service (includes Stearns Wharf and the Harbor) were down 5% versus budgeted projections. This is likely due to a wet winter that included numerous storm systems that tended to arrive on weekends in both February and March. Unfortunately, a cool spring and summer did not reverse the downward trend;
- Visitor Fee revenues were up 5%, or \$23,386, proving that the Harbor remains a desirable location to visit by out of area boaters;
- Very strong performance from Slip Transfer Fees. A total of 78 transfers took place resulting in \$1,189,447 in Slip Transfer Fee Revenue, a 19% increase over budgeted projections;
- Overall, Parking Revenue (Parking Revenue and Stearns Wharf Parking) was down by 3% (\$68,394) versus budgeted projections;
- Other Fees & Charges were up 16%, or \$46,744, over budgeted projections due to increased revenues in Wharfage and Dockage, Ice Machine, and Live Aboard Fees. The Wharfage and Dockage increase was the result of the temporary closure of the Casitas Pier in Carpinteria and resultant oil crew boats making Santa Barbara Harbor their base of operations;
- Rents and Concessions revenues include lease revenues from the Yacht Club, UCSB Sailing, National Oceanic and Atmospheric Administration offices, SB Sailing Club, and was down approximately \$4,000; and,
- Miscellaneous includes revenues from Cruise Ships, Revenue Examination Fees, Room Rentals, Film Permits, Slip Permit Late Fees, and others. Miscellaneous revenues were down \$47,436 versus budgeted revenue estimates due to a number of factors including fewer and smaller cruise ships, fewer assessed late fees, and lower room rental and film permit revenues. This revenue category should increase as more cruise ships are scheduled to visit Santa Barbara in FY 2020 vs. FY 2019.

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 2019 Budget	FY 19 Actual	Over/(Under) Budget	FY 19 Actual vs. FY 19 Budget YE Variance	% of Budget Used
Salaries & Benefits	\$ 7,003,667	\$ 6,373,187	\$ (630,480)	-9%	91%
Materials, Supplies & Services	\$ 5,028,663	\$ 4,396,284	\$ (632,379)	-13%	87%
Special Projects	\$ 544,813	\$ 496,950	\$ (47,863)	-9%	91%
Debit Service	\$ 2,046,238	\$ 2,042,868	\$ (3,370)	0%	100%
Capital Outlay Transfers	\$ 1,183,771	\$ 1,183,771	\$ (0)	0%	100%
Equipment	\$ 146,720	\$ 42,292	\$ (104,428)	-71%	29%
Other	\$ 2,375	\$ 58,964	\$ 56,589	2383%	2483%
Appropriated Reserve	\$ 57,000	\$ -	\$ (57,000)	-100%	0%
TOTALS	\$ 16,013,247	\$ 14,594,317	\$ (1,418,930)	-9%	91%

Overall, expenditures of \$14,594,317 are equal to 91% of the annual budget through the end of the fiscal year. All expenditure categories were at or below budgeted expenditures. This is due, in part, to the following factors:

- Salaries and Benefits finished down (-9%) due to numerous permanent and hourly positions being vacant in the Administration and Community Relations section, Parking Services section, Harbor Patrol Division, Financial Management section, and the Facilities Division (Wharf and Harbor). If vacant positions were filled, they were generally filled at a significantly lower pay rate than their more experienced predecessors. For example, the retirement of the Administrative Clerical Supervisor resulted in the hiring of a new Administrative/Clerical Supervisor at the entry-level salary range as did the hiring of a new Administrative Analyst position. Additionally, we were without an Administrative Analyst and Accounting Assistant for over 3 months and continue to be down one Harbor Patrol Officer.
- Materials, Supplies, and Services ended the year 13% below budgeted amounts. Significant savings were realized in nearly every Waterfront section including Administration and Community Relations (\$36,000), Property Management (\$113,000), and Waterfront's Harbor and Wharf Facilities Sections (nearly \$350,000). Staff will review budgeted amounts for FY 2020 and adjust downward, if necessary.
- Equipment was down considerably due to savings in Parking Services and likely due to open positions in Facilities which resulted in fewer projects being initiated and thus, less equipment needed during the fiscal year.
- Arbitrage fees of \$56,451, account for nearly the entirety of the "Other" expenditure category in FY 2019.
- The Department used \$43,000 in Appropriated Reserve funds to pay for additional costs related to the Department's share of MTD's Waterfront Shuttle program.

Revenues: 2019 vs. 2018

The attached revenue spreadsheet shows FY 2019 budget targets, actual FY 2019 revenue received, and FY 2018 actual revenues for comparison purposes. Again, total revenue for the Department was \$15,264,922 for FY 2019, a 2.25% (\$335,936) increase from Fiscal Year 2018.

Attachment: Waterfront Revenues FY 2019 vs. FY 2018

Prepared by: Brian J. Bosse, Acting Waterfront Director