

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

**ATTACHMENT:
Waterfront Revenues FY 2019 vs. FY 2018**

Description	Revised FY19 Budget	FY 19 Actual	FY 18 Actual	Variance \$ FY19-FY18	Variance % FY19 FY18
Leases Commercial	1,804,054	1,795,289	1,729,786	65,503	3.79%
	-				
Food Service	3,287,016	3,108,590	3,128,713	-20,122	-0.64%
Leases Other	247,749	289,894	268,856	21,038	7.83%
Ice Machine	37,035	50,069	40,780	9,288	22.78%
CAM	125,855	79,444	87,126	-7,682	-8.82%
Miscellaneous Revenue	86,225	53,771	102,536	-48,765	-47.56%
Cruise Ships	250,000	235,019	327,142	-92,123	-28.16%
Total Property Management	5,837,934	5,612,075	5,684,938	(72,863)	-1.28%
Interest Income	228,100	233,192	84,309	148,883	176.59%
Total Financial Management	228,100	233,192	84,309	148,883	176.59%
Harbor Valet Parking	500	299	504	-205	-40.64%
Cabrillo East	90,000	50,812	110,980	-60,168	-54.22%
Cabrillo West	80,000	109,026	139,288	-30,262	-21.73%
Palm Park	521,268	496,506	488,751	7,755	1.59%
Garden Street	276,954	210,184	222,583	-12,399	-5.57%
Harbor West	202,068	168,820	161,901	6,920	4.27%
Leadbetter	282,172	321,652	319,598	2,054	0.64%
La Playa East	12,701	12,388	9,511	2,877	30.25%
La Playa West	8,103	7,672	5,798	1,874	32.33%
Harbor Lot	741,879	634,241	612,901	21,340	3.48%
Stearns Wharf	192,548	179,476	164,205	15,271	9.30%
Waterfront Parking Permits	457,776	587,319	461,393	125,926	27.29%
Boat Wash Machine	4,169	3,449	4,185	-736	-17.59%
Misc. Parking	-	6,108	10,768	-4,660	-43.27%
Total Parking Services	2,870,138	2,787,951	2,712,364	75,588	2.79%
Patrol Reimbursement		0	7,440	(7,440)	-100.00%
Live Aboard Fees	170,000	183,860	176,350	7,510	4.26%
Slip Rentals	4,551,344	4,590,326	4,518,571	71,756	1.59%
Visitor Fees	510,000	533,386	513,153	20,233	3.94%
Skiff Tie-Ups	5,600	4,805	4,150	655	15.78%
Fish Hoist 1	7,500	4,493	4,848	-354	-7.31%
Fish Hoist 2	-	0	80	-80	
Wharfage & Dockage	2,040	12,431	872	11,559	1325.54%
Slip Transfer Fees	1,000,000	1,189,447	1,107,150	82,297	7.43%
Slip Waiting List	2,341	2,000	2,080	-80	-3.85%
Key Card	12,485	17,422	12,522	4,900	39.13%
SB Mooring Area Permit	5,100	4,050	4,300	-250	-5.81%
Yacht Club Hoist	2,081	2,081	2,040	41	2.00%
Miscellaneous Revenue	51,000	61,435	71,578	-10,143	-14.17%
Used Oil Grant		25,967	22,243		
Total Marina Management	6,319,491	6,631,704	6,439,936	191,768	2.98%
Department Total	15,255,663	15,264,922	14,928,986	335,936	2.25%

Fiscal Year 2019 Year-End Revenue vs. Fiscal Year 2018 Year-End Revenue

Overall, the Department came in above FY 2018 revenues by 2.25%, or \$335,936.

The Property Management program ended FY 2019 slightly below FY 2018 figures. Harbor/Wharf Commercial revenues were up 3.79% and Harbor/Wharf Food Service revenues were down slightly over FY 2018 by -0.64%. As reported in the Third Quarter report, this is likely due to a wet winter that included a good number of storm systems which tended to arrive on weekends in both February and March. Unfortunately, a cool spring and summer did not reverse the downward trend. Leases Other were up nearly 8% over FY 2018. Cruise ship revenues were down significantly versus Fiscal Year 2018 due to smaller ships visiting Santa Barbara. This decline was planned for and budgeted accordingly for both FY 2019 and FY 2020.

The Financial Management program consists of interest earned on the Department's reserves and FY 2019 figures exceeded FY 2018, by 176%, or \$148,883.

The Parking Services program finished FY 2019 2.79%, or \$75,588, higher than FY 2018. The table above shows the breakdown of parking revenues by individual parking lot. Cabrillo East and Cabrillo West parking lots were down over the prior fiscal year by 54.22% and 21.73%, respectively, primarily due to the impacts associated with the Park Department's Cabrillo Pavilion Renovation Project which began in January 2018 and has taken nearly 40% of the parking spaces for construction staging. Overall, parking revenue appears to be growing slower than forecast which is a trend that the Waterfront Department is watching carefully.

The Marina Management program finished the year up \$191,768, or 2.98% above FY 2018 figures. Slip Rentals were up 2% due to the corresponding 2% slip permit rental fee increase. Visitor Fees were up 3.94% over FY 2018 likely due to completion of the Marina One construction project which had limited the availability of visitor slips in prior fiscal years. Revenues in Marina Management include a year-to-year increase in the Slip Transfer Fees (7.43% or \$82,297) over FY 2018. The Department exceeded the annual budget for Slip Transfer Fees and ended the year with a total of 78 transfers totaling \$1,189,447. This is the third year in a row in which Slip Transfer Fee Revenues exceeded the \$1,000,000 mark. Miscellaneous Revenue includes, among others, Catamaran Beach permit revenues and West Beach Kayak/Outrigger permits which were below budgeted revenue estimates but above FY 2018 amounts.