

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: May 20, 2021
To: Harbor Commission
From: Mike Wiltshire, Waterfront Director
Subject: **Business Services Report**

DEPARTMENT BUDGET UPDATE

Waterfront staff will provide a brief overview on the status of revenue and expenditures at the end of the third quarter for Fiscal Year 2021.

Revenues:

Table 1: Waterfront Department Revenue Summary

By Program 3/31/2021

Program	FY 2021 Budget	FY 2021 Actual July-Mar	FY 2021 % of Budget
Property Management	\$ 4,850,713	\$ 3,739,824	77%
Financial Management	\$ 224,800	\$ 86,895	39%
Parking Services	\$ 2,788,934	\$ 1,913,153	69%
Marina Management	\$ 6,556,843	\$ 5,539,530	84%
Totals	\$ 14,421,290	\$ 11,279,402	78%

The table above shows actual revenues at the end of the third quarter \$11,279,405 or 78% of the fiscal year budget. Revenues exceed budgeted estimates mainly due to the following factors:

- Commercial lease revenue (includes both Stearns Wharf and the Harbor) is up 3.3% over last year at the same time.
- Cabrillo East and Cabrillo West Parking Lot revenues are up over last year at the same time likely due to the fact that significant portions of the parking lots were still closed last year due to the Cabrillo Pavilion Renovation Project. Nonetheless, these parking lots continue to make positive strides towards their pre-Cabrillo Pavilion Renovation Project levels.
- Visitor Fees are up over 33% (\$128,000) over last year.
- Slip Permit Transfer Fees are up nearly 44% (\$379,575) over last year at the same time. A total of 80 transfers took place in the first three quarters of the year representing \$1,245,675 in revenue.

Most revenue items were significantly lower than last year due to the continued impacts of the COVID-19 pandemic. Notable decreases include:

- Food Service Leases (includes both Stearns Wharf and the Harbor) are down over 18% (\$438,049) versus last year but are showing signs of improvement since moving into the Orange Tier.
- Interest income is down over 53% (\$98,066) over last year due to extremely low interest rates and a lower fund balance and, therefore, less invested.
- Parking revenues, as a whole, were down over 10% (\$216,443) versus last year at the same time.

Expenditures:

Description	FY 2021 Budget	YTD Expense as of 3/31/2021	FY 2021 % of Budget
Salaries	\$ 4,901,325	\$ 3,273,822	66.79%
Benefits	\$ 2,502,733	\$ 1,757,963	70.24%
Allocated Costs	\$ 1,594,108	\$ 1,195,581	75.00%
Supplies & Services	\$ 3,507,809	\$ 2,054,522	58.57%
Community Promotions (1)	\$ -	\$ -	n/a
Transfers to Capital (2)	\$ 1,761,243	\$ 780,932	44.34%
Non-Capitalized Outlays (3)	\$ 225,435	\$ 52,839	23.44%
Special Projects	\$ 117,935	\$ 87,642	74.31%
Subtotal	\$14,610,588	\$ 9,203,301	62.99%
Other			
Principal	\$ 1,356,991	\$ 905,721	66.74%
Interest	\$ 685,201	\$ 563,988	82.31%
Appropriated Reserves/Fiscal Agent	\$ 102,650	\$ 1,513	1.47%
Total Other	\$ 2,144,842	\$ 1,471,222	68.59%
Subtotal	\$16,755,430	\$ 10,674,523	63.71%
Adjusted Total	\$16,755,430	\$ 10,674,523	63.71%
(1) July 4th fireworks			
(2) Transfer to fund capital projects, patrol boat, West Beach dredging			
(3) Non-capitalized equipment and computer hardware/software			

The table above shows third quarter actual expenditures at \$10,674,523 or nearly 64% of the annual budget mainly due to the following factors:

- Salaries and Benefits finished below budget for the third quarter. The savings are the result of numerous positions being vacant including the Administrative Specialist, and a Harbor Patrol Officer, as well as numerous hourly positions.
- Continued general savings and reductions in Supplies and Services.
- Community Promotions expenditures were budgeted significantly lower than prior years due to the cancellation of the Waterfront Shuttle and the Waterfront Department's \$335,000 annual contribution to that service. Additionally, the July 4th celebration and the Parade of Lights firework shows were cancelled and therefore not budgeted for Fiscal Year 2021.
- Currently, we project over \$1,200,000 savings in annual Waterfront expenditures versus budgeted expenditures.

Revenue Projections:

Program	FY 2021 Budget	FY 2021 Actual Thru 3/31/2021	FY 2021 Projection	Year End Variance \$	Year End Variance %
Property Management	\$ 4,850,713	\$ 3,739,824	\$ 4,971,981	\$ 121,268	2%
Financial Management	\$ 224,800	\$ 86,895	\$ 105,656	\$ (119,144)	-53%
Parking Services	\$ 2,788,934	\$ 1,913,153	\$ 2,565,819	\$ (223,115)	-8%
Marina Management	\$ 6,556,843	\$ 5,539,530	\$ 6,944,843	\$ 388,000	6%
Totals	\$ 14,421,290	\$ 11,279,402	\$ 14,588,299	\$ 167,009	1%

The Waterfront is taking a cautiously optimistic approach with year-end revenue projections with the presumption that the widespread roll out of COVID-19 vaccinations is successful and State and Local orders for business operations become less restrictive and move slowly towards complete opening in the short-term. Overall, we anticipate coming in 1% (\$167,000) over budgeted revenues based on the following factors:

- The recent downgrade to the Orange Tier has resulted in an increase in public activity in the Waterfront area including an uptick in restaurant patrons and parking revenues.
- Marina Management revenues continue to be strong with plenty of slip transfer fee activity in April and May.
- Visitor Fees remain strong with the Waterfront continuing to be at capacity every weekend and most weekdays.

The Waterfront Department will continue to closely monitor revenues and expenditures

for all funds managed by the Department and will keep the Harbor Commission informed of any budgetary issues that may arise.

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