

# CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

## MEMORANDUM

**Date:** September 16, 2021  
**To:** Harbor Commission  
**From:** Mike Wiltshire, Waterfront Director  
**Subject:** Waterfront Department Fiscal Year 2021 Preliminary Budget Review

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### RECOMMENDATION:

That Harbor Commission receive a staff report providing a brief summary of the Waterfront Department's revenues and expenditures as of June 30, 2021, and provide comments as appropriate.

### REVENUES AT YEAR-END

The Waterfront Department's revenue exceeded expenditures by over \$1,000,000 in Fiscal Year 2021. Fiscal Year 2021 planning included planned reductions in expenditures including reduced staffing, and reduced revenue expectations due to the ongoing impacts of the COVID-19 pandemic. A summary of revenue totals for FY 2021 can be found below in Table 1:

Table 1: Waterfront Department Revenues					
Description	FY 2021 Budget	FY2021 Actual	Over/(Under) Budget	Variance Over/(Under) Budget	FY2020 Actual
Leases - Commercial	1,595,397	1,965,420	370,023	23%	1,695,172
Leases - Food Service	2,762,500	2,800,596	38,096	1%	2,996,792
Slip Rental Fees	4,688,794	4,732,740	43,946	1%	4,667,112
Visitor Fees	530,604	693,437	162,833	31%	520,040
Slip Permit Transfer Fees	1,000,000	1,709,625	709,625	71%	1,225,350
Parking Revenue	2,585,434	2,639,669	54,235	2%	2,278,797
Wharf Parking	200,000	243,234	43,234	22%	183,369
Grants	-	10,707	10,707		25,184
Other Fees & Charges	379,476	372,529	(6,947)	-2%	419,269
Investment Income	224,800	104,962	(119,838)	-53%	227,687
Rents & Concessions	380,000	407,329	27,329	7%	385,803
Miscellaneous	74,285	31,148	(43,137)	-58%	267,122
<b>TOTAL REVENUES</b>	<b>14,421,290</b>	<b>15,711,397</b>	<b>1,290,107</b>	<b>9%</b>	<b>14,891,697</b>

The table above shows year-end Actual Revenues at \$15,711,397 or 9% over budgeted revenue targets, mainly due to the following factors:

- Leases - Commercial (includes both Stearns Wharf and the Harbor) were up over 23%, or \$370,023, compared to budgeted amounts. State mandates required many commercial businesses to operate at significantly reduced capacity for the better part of the fiscal year although restrictions were eased on June 15, 2021.

- Leases - Food Service (includes both Stearns Wharf and the Harbor) were up over 1%, or \$38,096, compared to budgeted amounts. The food service industry has been one of the most negatively impacted industries as a result of various State directives related to the COVID-19 pandemic. Numerous Waterfront restaurant tenants took advantage of the City of Santa Barbara's deferred rent program.
  - Nineteen (19) Waterfront tenants (a mix of commercial and food service) initially enrolled in the City's Rent Deferral program. The rent deferral program allowed City tenants to defer rent for the months of April 2020 through December 2020. These deferred rents are due and payable by December 31, 2024, with incentives to pay earlier. City accounting policy "books", or includes, tenant rents automatically, even if not received. As such, the figures above include the rent amounts from the tenants who have deferred rent but have not yet paid their deferred rent amount. The total amount outstanding from these nineteen tenants as of December 31, 2020, was nearly \$1,500,000. As of August 30, 2021, thirteen (13) of the nineteen tenants have paid back the entirety of their deferred rent. Currently, six tenants owe a combined total of nearly \$430,000 in deferred rents.
- Visitor Fee revenues were up 31%, nearly \$163,000, 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 111 transfers took place resulting in \$1,709,625 in Slip Transfer Fee Revenue, a 71% increase over budgeted amounts.
- Overall, Parking Revenue (including both Parking Revenue and Stearns Wharf Parking) was up 3.5%, or nearly \$100,000, versus budgeted amounts. Waterfront Parking Lots appear to be rebounding from the COVID-19 pandemic restrictions more quickly than other Waterfront revenue accounts.
- Other Fees & Charges were down 2%, or \$7,000, versus budgeted amounts primarily due to a decrease in revenues in Wharfage and Dockage. The Wharfage and Dockage decrease was the result of oil crew boats that were temporarily using Santa Barbara Harbor as their base of daily operations returned to their former home in Carpinteria upon the conclusion of emergency repairs at Casitas Pier.
- Investment Income was down 53%, or nearly \$120,000, due to less money available for investment and historically low interest rates.
- Rents and Concessions revenues include lease revenues from the Yacht Club, UCSB Sailing, National Oceanic and Atmospheric Administration offices, SB Sailing Club, and increased by over \$37,000, or 7%.
- Miscellaneous includes revenues from Cruise Ships, Revenue Examination Fees, Room Rentals, Film Permits, Slip Permit Late Fees, and others. Miscellaneous

revenues were down over \$43,000 versus budgeted revenue estimates primarily due to the reduced revenues from room rentals, which vanished due to State directives prohibiting the gathering of large groups.

## EXPENDITURES

The Waterfront Department, as a whole, saw expenditures come in at \$14,656,070, or 12% below budgeted levels and are summarized below in Table 2:

Description	FY 21 Budget	FY 21 Actual	Over/(Under) Budget	FY 21 Actual vs. FY 21 Budget YE Variance	% of Budget Used
Salaries & Benefits	\$ 7,404,058	\$ 6,640,954	\$ (763,104)	-10%	90%
Materials, Supplies & Services	\$ 5,048,298	\$ 4,540,682	\$ (507,616)	-10%	90%
Special Projects	\$ 172,935	\$ 144,417	\$ (28,518)	-16%	84%
Debt Service	\$ 2,042,192	\$ 2,042,191	\$ (1)	0%	100%
Capital Outlay Transfers	\$ 1,761,243	\$ 1,221,243	\$ (540,000)	-31%	69%
Equipment	\$ 46,044	\$ -	\$ (46,044)	-100%	0%
Other	\$ 128,325	\$ 64,070	\$ (64,255)	-50%	50%
Appropriated Reserve	\$ 102,650	\$ 2,513	\$ (100,138)	-98%	2%
<b>TOTALS</b>	<b>\$ 16,705,745</b>	<b>\$ 14,656,070</b>	<b>\$ (2,049,675)</b>	<b>-12%</b>	<b>88%</b>

Overall, expenditures of \$14,656,070, are equal to 88% of the annual budget through the end of the fiscal year. All expenditure categories were at or below budgeted amounts. This is due, in part, to the following factors:

- Salaries and Benefits finished \$763,104 (-10%) below budget for Fiscal Year 2021. The savings were the result of numerous positions being vacant for a period of time including the Harbor Operations Manager, Administrative Specialist, and a Harbor Patrol Officer as well as numerous hourly positions.
- Materials, Supplies, and Services ended the year \$507,616 (-10%) below budgeted amounts. Significant savings were realized in nearly every Waterfront section. These savings were the result of careful planning and cost-cutting measures resulting from numerous Waterfront management meetings as the COVID-19 pandemic took hold in early-April.
- Special Project expenditures was down over \$28,500 primarily due to the fact that there was no firework expenditure for July 4, 2020, as the event was cancelled due to the COVID-19 pandemic.
- Capital Outlay Transfer expenditures were reduced significantly as the Department initiated fewer capital projects as a cost savings measure due to the negative financial impacts of COVID-19.

- The main expenditure in the “Other” category in FY 2021 was the replacement of antiquated computer hardware and software throughout a good portion of the Department.
- The Department only expended \$2,513 in Appropriated Reserve to pay our fiscal agent. No other expenses were incurred during the fiscal year.

### **REVENUES: 2021 VS. 2020**

The attached revenue spreadsheet shows FY 2021 budget amounts, actual FY 2021 revenue received, and FY 2020 actual revenues for comparison purposes. Again, total revenue for the Department was approximately \$15,700,000, for FY 2021 an increase of nearly 5.5% (approximately \$820,000) from Fiscal Year 2020.

### **SUMMARY**

The Waterfront Department’s revenue and expenditures for FY 2021 at year-end continue to be impacted by the COVID-19 pandemic but has also shown signs of significant recovery with Waterfront parking lot revenues achieving all time daily highs in June and July in addition to busy restaurants on a daily basis. Along with numerous savings in salaries and benefits due to open positions, the Waterfront Department significantly reduced operational costs which helped saved the Department nearly \$1.7M in FY 2021.

Attachment: Waterfront Revenues FY 2021 vs. FY 2020

Prepared by: Brian J. Bosse, Waterfront Business Manager

### Waterfront Department Revenue

Description	Revised FY2021 Budget	FY 2021 Actual	FY 2020 Actual	Variance \$ FY21-FY20	Variance % FY21-FY20
Leases Commercial	1,595,397	1,965,420	1,695,172	270,248	15.94%
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Food Service	2,762,500	2,800,596	2,996,792	-196,196	-6.55%
Leases Other	280,000	327,326	306,844	20,481	6.67%
Ice Machine	38,531	45,273	43,688	1,585	3.63%
CAM	100,000	80,003	78,959	1,044	1.32%
Miscellaneous Revenue	74,285	31,147	47,415	-16,268	-34.31%
Cruise Ships	-	1	219,707	-219,706	-100.00%
<b>Total Property Management</b>	<b>4,850,713</b>	<b>5,249,767</b>	<b>5,388,578</b>	<b>(138,811)</b>	<b>-2.58%</b>
Interest Income	224,800	104,962	227,687	(122,725)	-53.90%
<b>Total Financial Management</b>	<b>224,800</b>	<b>104,962</b>	<b>227,687</b>	<b>(122,725)</b>	<b>-53.90%</b>
Harbor Valet Parking	465	-	761	-761	-100.00%
Cabrillo East	107,300	116,336	37,765	78,571	208.05%
Cabrillo West	153,000	142,438	92,616	49,822	53.79%
Palm Park	488,094	451,396	424,312	27,085	6.38%
Garden Street	229,500	193,810	181,747	12,063	6.64%
Harbor West	162,000	144,550	163,525	-18,975	-11.60%
Leadbetter	279,000	333,898	323,400	10,498	3.25%
La Playa East	9,000	0	12,863	-12,863	-100.00%
La Playa West	6,075	1,976	6,650	-4,674	-70.29%
Harbor Lot	576,000	711,425	530,767	180,659	34.04%
Stearns Wharf	200,000	243,234	183,369	59,865	32.65%
Waterfront Parking Permits	575,000	541,640	504,479	37,161	7.37%
Boat Wash Machine	3,500	2,605	4,936	-2,331	-47.23%
Misc. Parking	-	2,200	-87	2,286	-2639.74%
<b>Total Parking Services</b>	<b>2,788,934</b>	<b>2,885,508</b>	<b>2,467,102</b>	<b>418,406</b>	<b>16.96%</b>
Live Aboard Fees	148,320	155,457	150,658	4,799	3.19%
Slip Rentals	4,688,794	4,732,740	4,667,112	65,628	1.41%
Visitor Fees	530,604	693,437	520,040	173,397	33.34%
Skiff Tie-Ups	4,700	5,635	4,980	655	13.15%
Fish Hoist 1	5,200	3,677	3,351	326	9.74%
Fish Hoist 2	-	0	0	0	
Wharfage & Dockage	5,000	-3,421	36,568	-39,989	-109.36%
Slip Transfer Fees	1,000,000	1,709,625	1,225,350	484,275	39.52%
Slip Waiting List	2,000	1,900	1,360	540	39.71%
Key Card	13,000	11,558	21,349	-9,791	-45.86%
SB Mooring Area Permit	4,000	5,100	4,200	900	21.43%
Yacht Club Hoist	2,165	2,144	2,102	42	1.99%
Miscellaneous Revenue	153,060	142,602	146,077	-3,476	-2.38%
Used Oil Grant	-	10,707	25,184	-14,477	-57.48%
<b>Total Marina Management</b>	<b>6,556,843</b>	<b>7,471,161</b>	<b>6,808,331</b>	<b>662,830</b>	<b>9.74%</b>
<b>Department Total</b>	<b>14,421,290</b>	<b>15,711,397</b>	<b>14,891,697</b>	<b>819,700</b>	<b>5.50%</b>