

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: September 25, 2014
To: Harbor Commission
From: Scott Riedman, Waterfront Director
Subject: Waterfront Department Fiscal Year 2014 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, 2014, and provide comments as appropriate.

DISCUSSION:

1. Revenue

The Waterfront Department, as a whole, saw revenues exceed budget estimates by 11.8%. The Department continues to see positive gains in revenue that can be attributed to a number of factors including three years of unseasonably good weather, a new pay and display parking program, and a slowly improving economy. The attached revenue spreadsheet shows FY 2014 budget targets, actual FY 2014 revenue received and FY 2013 revenues for comparison purposes (Attachment 1). Revenue totals for FY 2014 are summarized below:

Waterfront Department Revenue By Program				
<u>Program</u>	<u>FY 2014 Budget</u>	<u>FY 2014 Actual</u>	<u>Variance Over/(Under) Budget</u>	<u>Variance %</u>
Property Management	4,728,839	5,468,019	739,180	15.6%
Financial Management	137,700	142,375	4,675	3.4%
Parking Services	2,262,750	2,773,709	510,959	22.6%
Marina Management	5,315,778	5,524,882	209,104	3.9%
Totals	12,445,067	13,908,985	1,463,918	11.8%

Property Management income for FY 2014 totaled \$5,468,019. This total is approximately \$739,000 or a 15.6% increase over the budgeted amount. Wharf and Harbor commercial and restaurant rents were up 6.5% and 3.1%, respectively, over last year. A significant decline in revenue from the SB Waterfront Center (Museum) is due to the Museum completing their lease buyout obligation in FY 2013, thus reducing rent collected to only their store space. The reduction in revenue from the Santa Barbara Waterfront Center (NOAA) is due to NOAA downsizing their office space at the Waterfront from four to two offices and relocating the remainder of their operation to UCSB.

Financial Management was slightly above budget estimates coming in at \$142,375, up 3.4%. Financial Management activities are managed by the City's Finance Department.

Parking revenue for FY 2014 totaled \$2,773,709, which was \$510,959 or 22.6% above budget. The Department realized revenue increases in all parking lots. FY 2014 was the first complete fiscal year in which the entire Luke Payment Systems program was in place at five of the eight Waterfront Department Parking lots. A slight parking fee increase that took place on July 1, 2013, coupled with the third consecutive fiscal year of good weather conditions were likely the two major reasons for the overall revenue increase.

Revenue from the Marina Management program was \$5,524,985, which was \$209,104 or 3.9% over budget, primarily due to an active slip transfer market, increases in slip transfer fee revenue and visitor slip rentals in FY 2014. Slip transfer fees were up approximately \$10,000 or 1.49% over FY 13.

Total revenue for the Department was \$13,908,985 for FY 2014, an 11.8% increase over budgeted estimates and a 7.62% increase over FY 2013.

2. Expenditures

The Waterfront Department saw expenditures total \$12,750,370, or 5.96% below budgeted estimates. Expenditures at the consolidated level can be found in Attachment 2. Total operating fund expenditures for the Department for FY 2014 were \$12,750,370. This amount includes approximately \$1,545,000 in transfers to fund the capital projects appropriated in FY 2014. At year-end, the Department was approximately \$808,620 (5.96%) under budget. Although Community Promotions/Special Projects came in under budget for FY 2014, City Council approved a \$36,943 increase in fees paid to MTD for the shuttle bus (FY 2014 fees totaled \$40,000) for FY 2015. The reduction in expenditures comes primarily from three categories: a \$206,167 savings in Salaries and Benefits, a \$208,000 savings in Supplies and Services, and a \$336,928 temporary savings in interest paid due to the length of time it has been taking for the Department of Boating and Waterways to process the Marina 1 loan and repayment.

Expenditures at the programmatic level show all programs coming in below budget with the exception of Financial Management which was 3.9%, or \$9,793 over budget. The budget was exceeded primarily due to increasing bank fees due to the increased use of credit cards at our Luke machines as well as some overtime that was accrued during the initial implementation of the Munis financial program.

The unanticipated surplus revenue generated in FY 2014 will be applied to the Department's capital reserve (Harbor Preservation Fund). Staff intends to self-fund the last one or two phases of the Marina 1 reconstruction project with accumulated capital reserves and minimize the need to borrow funds from the State Department of Boating and Waterways at a 4.5% interest rate.

Attachments: 1. FY 2013 Revenue by Line Item
2. FY 2013 Expenditures Summary
3. FY 2013 Expenditures by Program

Prepared by: Brian J. Bosse, Waterfront Business Manager

Waterfront Department Revenue

Description	FY14 Budget	FY 14 Actual	FY 13 Actual	Variance \$ FY 14 vs. 13	Variance % FY 14 vs 13
Harbor Commercial	843,367	892,398	837,964	54,434	6.50%
Wharf Commercial	518,405	562,792	545,752	17,040	3.12%
SB Waterfront Center (Museum)	12,000	11,967	385,708	(373,741)	-96.90%
Harbor Food Service	1,020,000	1,194,025	988,347	205,678	20.81%
Wharf Food Service	1,295,400	1,403,205	1,356,916	46,289	3.41%
SB Waterfront Center (WF Grill)	326,400	380,568	352,622	27,946	7.93%
Harbor Other	186,100	221,046	186,120	34,926	18.77%
SB Waterfront Center (NOAA)	30,000	8,380	48,607	(40,227)	-82.76%
Ice Machine	30,000	26,393	20,168	6,225	30.87%
CAM	90,167	88,072	82,650	5,422	6.56%
Miscellaneous Revenue	77,000	64,966	65,165	(199)	-0.31%
Cruise Ships	300,000	614,208	181,928	432,280	237.61%
Total Property Management	4,728,839	5,468,019	5,051,947	416,072	8.24%
Interest Income	137,700	142,375	150,685	(8,310)	-5.51%
Total Financial Management	137,700	142,375	150,685	(8,310)	-5.51%
EV Charging Station	150	435	178	257	144.38%
Cabrillo East	93,500	129,625	94,417	35,208	37.29%
Cabrillo West	99,000	140,877	99,922	40,955	40.99%
Palm Park	386,100	488,550	360,061	128,489	35.69%
Garden Street	181,650	250,027	178,801	71,226	39.84%
Harbor West	113,050	171,904	137,424	34,480	25.09%
Leadbetter	215,000	219,905	223,189	(3,284)	-1.47%
La Playa East	11,000	15,272	12,554	2,718	21.65%
La Playa West	10,000	11,295	10,704	591	5.52%
Harbor Lot	550,000	681,811	596,192	85,619	14.36%
Stearns Wharf	250,000	277,482	261,183	16,299	6.24%
Waterfront Parking Permits	350,000	382,399	354,379	28,020	7.91%
Boat Wash Machine	2,800	2,310	2,921	(611)	-20.93%
Misc. Parking	500	1,818	1,166	652	55.92%
Total Parking Services	2,262,750	2,773,709	2,333,091	440,618	18.89%
Live Aboard Fees	153,000	151,074	150,794	280	0.19%
Slip Rentals	4,122,293	4,148,300	4,065,437	82,863	2.04%
Visitor Fees	450,000	454,520	419,053	35,467	8.46%
Skiff Tie-Ups	6,250	8,257	7,065	1,192	16.87%
Fish Hoist 1	7,500	8,028	9,253	(1,225)	-13.24%
Fish Hoist 2	650	578	416	162	39.05%
Wharfage & Dockage	15,000	29,219	24,877	4,342	17.46%
Slip Transfer Fees	525,000	659,500	649,825	9,675	1.49%
Slip Waiting List	2,200	2,000	1,880	120	6.38%
Key Card	11,000	12,230	11,021	1,209	10.97%
SB Mooring Area Permit	6,000	10,346	6,355	3,991	62.80%
Yacht Club Hoist	1,885	1,885	1,848	37	2.01%
Miscellaneous Revenue	15,000	38,944	40,742	(1,798)	-4.41%
Total Marina Management	5,315,778	5,524,882	5,388,566	136,316	2.53%
Work Comp Rebate					
Department Total	12,445,067	13,908,985	12,924,289	984,696	7.62%

Waterfront Department Expenditures

Consolidated 6/30/2014

Category	FY 2014 Budget	FY 2014 Expenditures	Variance Over/(Under) Budget	FY 2014 Variance %
Salaries & Benefits	5,866,308	5,660,141	(206,167)	-3.51%
Allocated Costs	1,212,223	1,190,232	(21,991)	-1.81%
Supplies & Services	2,803,375	2,594,440	(208,935)	-7.45%
Community Promotions (1)	100,000	73,312	(26,688)	-26.69%
Capital Outlay Transfers (2)	1,584,155	1,567,051	(17,104)	-1.08%
Non Capitalized Transfers (3)	55,610	21,673	(33,937)	-61.03%
Beach Lifeguard Service	90,438	90,438	0	0.00%
Principal	850,716	894,050	43,334	5.09%
Interest	993,164	656,236	(336,928)	-33.92%
Appropriated Reserve	3,000	2,798	(203)	-6.75%
Other	0	0	0	n/a
Total	13,558,989	12,750,371	(808,618)	-5.96%
Encumbrances (4)		101,144		
Actual Total Expended	13,558,989	12,750,371	(808,618)	-5.96%

(1) July 4 fireworks and Shuttle Bus

(2) Transfer to fund Capital Projects

(3) Non-capitalized equipment and computer hardware

(4) Funding committed but not yet paid, i.e., contracts

Encumbrances not included in expenses - listed here for reporting purposes

Waterfront Department Expenditures

By Program 6/30/2014

Category	FY 2014 Budget	FY 2014 Expenditures	Variance Over/(Under) Budget	FY 2014 Variance %
Admin & Community	1,831,641	1,796,603	(35,038)	-1.91%
Property Management	470,716	441,306	(29,410)	-6.25%
Financial Management	250,876	260,669	9,793	3.90%
Parking Services	886,915	831,431	(55,484)	-6.26%
Harbor Patrol	2,092,778	2,035,459	(57,319)	-2.74%
Marina Management	378,829	304,272	(74,557)	-19.68%
Harbor Maintenance	3,008,471	2,815,095	(193,376)	-6.43%
Wharf Maintenance	993,435	926,882	(66,553)	-6.70%
Facilities Design & Capital Programs	3,645,329	3,338,653	(306,676)	-8.41%
Total	13,558,990	12,750,370	-808,620	-5.96%