

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: January 22, 2015
To: Harbor Commission
From: Scott Riedman, Waterfront Director
Subject: Mid-Year Budget Report

RECOMMENDATION:

That Harbor Commission receive and review a status report on the Waterfront Department Fiscal Year 2015 Mid-Year Budget revenues and expenditures.

Fiscal Year 2015 Year-To-Date Revenue

The following table summarizes the Department's revenue as of December 31, 2014 (half way through the fiscal year). Column two reflects budgeted revenue estimates. Column three shows actual year-to-date revenues while the column four, titled "FY 15 Projection July – June," shows projected revenue at year-end using a seasonally weighted three-year average. If the pattern continues, it is estimated that Department revenue will be approximately 6% above budget (\$764,082) at the end of the fiscal year (June 30, 2015).

Waterfront Department Revenue Projection By Program

Program	FY 15 Budget (July-June)	FY 15 Actual YTD (July-Dec)	FY 15 Projection (July-June)	Year End Variance \$	Year End Variance %
Property Management	\$ 4,737,609	\$ 3,255,949	\$ 5,182,433	\$ 444,824	9%
Financial Management (1)	\$ 117,000	\$ 46,232	\$ 92,462	\$ (24,538)	-21%
Parking Services	\$ 2,327,416	\$ 1,503,615	\$ 2,612,318	\$ 284,902	12%
Marina Management	\$ 5,453,512	\$ 3,180,471	\$ 5,512,406	\$ 58,894	1%
Totals	\$ 12,635,537	\$ 7,986,267	\$ 13,399,619	\$ 764,082	6%

1 - Interest Income

Attachment 1 shows Waterfront Department Fiscal Year 2015 year-to-date revenue at the line item level, and includes a comparison to Fiscal Year 2014 figures for the July-December time period.

The Property Management program is tracking above budget expectations. Both Harbor and Wharf commercial revenues are at 14.38% and 10.18% above budgeted estimates. Harbor and Wharf food service are both exceeding budgeted revenue estimates by over 15%. This fiscal year, staff has separated out Cruise Ship Revenue from Miscellaneous Revenue at the line item detail. Cruise Ship revenue has exceeded the annual budget by \$18,000 through the mid-year point. Miscellaneous Revenue consists of Waterfront Classroom rentals, Business Activity Permits, etc., and is on target to meet the budgeted revenue estimates. The \$270,000 reported as Miscellaneous Revenue in Fiscal Year 2014 is the combined amount of Cruise Ship Revenue and Miscellaneous Revenue.

The Financial Management program consists of interest earned on the Department's reserves. Interest revenue is not meeting budget projection and is nearly 29% lower than this time last year. Interest income projections are provided by the Finance Department as part of the budget development process and continue to reflect overall low interest rates in the financial sector.

The Parking Services program is on track to meet or exceed budget expectations and is up by 4.33%, or \$62,419 over Fiscal Year 2014. The great weather last summer coupled with a warm fall and winter season have proven, again, to be a significant factor for another strong year in Parking Services. Attachment 1 shows the breakdown of parking revenues by parking lot. Four lots are below last year's revenue figures for the same time period. Cabrillo East is down 3.62%, or \$2,452, and Garden Street is off by approximately 10.45%, or \$15,318. Both La Playa East and La Playa West are off by 19.79% and 11.95%, respectively. These parking lots are part of a joint use agreement with Santa Barbara City College and the decline in revenue is likely due to the fact that Santa Barbara City College repaved the parking lots and thus required closure for a considerable portion of the summer.

Marina Management revenue is expected to finish the year above budget expectations, and includes a significant increase in visitor fee, up over 24% over last year at the same time. Slip transfer fees are tracking well above budget estimates and has included 48 transfers as of December 31, 2014 for a total revenue of \$628,775. Both Fish Hoists are tracking below budget estimates at the mid-year point. We anticipate that Marina Management will meet and exceed budget expectations.

Fiscal Year 2015 Year-To-Date Expenditures

Overall, the Department spent or encumbered approximately 49.3% of its Fiscal Year 2015 budget as of December 31, 2014, as shown on the following table:

**Waterfront Department Expenditures
 By Program as of 12/31/14**

Program	FY 15 Budget	YTD Expenditures as of 12/31/14	FY 15 % of Budget
Admin & Community Relations	\$ 2,065,155	\$ 888,080	43.00%
Property Management	\$ 414,199	\$ 255,127	61.60%
Financial Management	\$ 263,384	\$ 143,047	54.31%
Parking Services	\$ 933,547	\$ 464,931	49.80%
Harbor Patrol	\$ 2,171,847	\$ 1,063,436	48.96%
Marina Management	\$ 322,157	\$ 124,773	38.73%
Harbor Maintenance	\$ 3,055,785	\$ 1,412,644	46.23%
Wharf Maintenance	\$ 1,020,938	\$ 487,844	47.78%
Facilities Design & Capital Programs	\$ 3,448,425	\$ 1,915,944	55.56%
Total	\$ 13,695,437	\$ 6,755,826	49.33%

The table above includes encumbrances, which are funds that were “promised” by entering into a contract at the beginning of the fiscal year but are actually expended throughout the year, usually on a monthly basis. If unspent encumbrances are backed out, the Department has expended just over 44% of its budget as of mid-year. The encumbrance and debt service amounts are shown on Attachment 2. As of December 31, 2014, the Department is on track to stay within its budgeted expenditures.

Overall, the Waterfront Department is above revenue expectations and below in expenditures at the mid-year point of Fiscal Year 2015. We anticipate that this trend will continue through the end of the fiscal year.

- Attachments: 1. Waterfront Department Fiscal Year 2015 YTD Revenue
 2. Waterfront Department Expenditures - Consolidated

Prepared by: Brian J. Bosse, Waterfront Business Manager

Waterfront Department Revenue

as of December 31, 2014

Description	Annual Budget	Actual YTD 12/31/2014	Actual YTD 12/31/2013	Change from Prior Year \$	Change from Prior Year %
Harbor Commercial	860,234	581,137	506,065	75,073	14.83%
Wharf Commercial	528,773	343,026	311,336	31,690	10.18%
SB Waterfront Center (Museum)	12,000	6,072	5,984	88	1.48%
Harbor Food Service	1,040,400	731,239	627,637	103,602	16.51%
Wharf Food Service	1,321,308	893,901	779,430	114,472	14.69%
SB Waterfront Center (WF Grill)	332,928	234,960	208,139	26,821	12.89%
Harbor Other	196,236	106,779	116,192	(9,414)	-8.10%
SB Waterfront Center (NOAA)	16,760	2,793	8,380	(5,587)	-66.67%
Ice Machine	30,000	18,743	14,018	4,725	33.71%
CAM	91,970	48,964	45,084	3,881	8.61%
Cruise Ships	230,000	248,275	n/a	n/a	n/a
Miscellaneous Revenue	77,000	40,059	270,000	n/a	n/a
Workers Comp Rebate					
Total Property Management	4,737,609	3,255,949	2,892,263	363,686	12.57%
Interest Income	117,000	46,232	64,902	(18,670)	-28.77%
Total Financial Management	117,000	46,232	64,902	(18,670)	-28.77%
EV Charging Station	150	102	238	(135)	-56.91%
Cabrillo East	98,175	65,335	67,787	(2,452)	-3.62%
Cabrillo West	103,950	80,483	76,201	4,282	5.62%
Palm Park	405,405	281,311	270,639	10,672	3.94%
Garden Street	190,733	131,229	146,547	(15,318)	-10.45%
Harbor West	118,703	97,897	96,703	1,194	1.23%
Leadbetter	220,000	134,866	122,006	12,860	10.54%
La Playa East	11,000	10,014	12,484	(2,470)	-19.79%
La Playa West	10,000	8,190	9,302	(1,112)	-11.95%
Harbor Lot	561,000	401,640	359,589	42,051	11.69%
Stearns Wharf	255,000	142,993	138,597	4,395	3.17%
Waterfront Parking Permits	350,000	145,866	137,509	8,357	6.08%
Boat Wash Machine	2,800	2,815	1,629	1,186	72.81%
Harbor Valet Parking	500	0	48	(48)	-100.00%
Over (short)		876	1,848	(973)	-52.62%
Total Parking Services	2,327,416	1,503,615	1,441,126	62,489	4.34%
Live Aboard Fees	153,000	74,797	75,922	(1,125)	-1.48%
Slip Rentals	4,204,739	2,125,789	2,071,943	53,846	2.60%
Visitor Fees	455,000	295,197	236,652	58,545	24.74%
Skiff Tie-Ups	6,500	3,286	4,320	(1,034)	-23.94%
Fish Hoist 1	7,500	3,387	4,107	(720)	-17.52%
Fish Hoist 2	650	196	272	(76)	-27.94%
Wharfage & Dockage	15,000	15,248	15,291	(43)	-0.28%
Slip Transfer Fees	575,000	628,775	342,400	286,375	83.64%
Slip Waiting List	2,200	1,600	2,000	(400)	-20.00%
Key Card	11,000	7,189	7,023	166	2.36%
SB Mooring Area Permit	6,000	5,250	5,946	(696)	-11.70%
Yacht Club Hoist	1,923	961	943	18	1.95%
Miscellaneous Revenue	15,000	18,761	9,413	9,348	99.31%
Over/Short	-	35	(101)	136	-134.74%
Total Marina Management	5,453,512	3,180,471	2,776,131	404,340	14.56%
Department Total	12,635,537	7,986,267	7,174,422	811,845	11.32%

Waterfront Department Expenditures
 Consolidated as of 12/31/14

Description	FY 15 Budget	YTD Expense as of 12/31/14	FY 15 % of Budget
Total Salaries & Benefits	\$ 6,050,691	\$ 2,929,739	48.42%
Allocated Costs	\$ 1,277,239	\$ 625,763	48.99%
Total Supplies & Expenses	\$ 2,766,489	\$ 1,337,830	48.36%
Community Promotions (1)	\$ 138,636	\$ -	0.00%
Transfers to Capital (2)	\$ 1,385,000	\$ 692,500	50.00%
Non-Capitalized Transfers (3)	\$ 99,863	\$ 24,144	24.18%
Beach Lifeguard Service	\$ 97,270	\$ 48,635	50.00%
Other			
Principal	\$ 1,050,243	\$ 636,266	60.58%
Interest	\$ 730,108	\$ 459,572	62.95%
Appropriated Reserves	\$ 100,000		0.00%
Total Other	\$ 1,880,351	\$ 1,095,838	58.28%
Subtotal	\$ 13,695,539	\$ 6,754,449	49.32%
Encumbrances (4)		\$ 702,557	
Adjusted Total		\$ 6,051,892	44.19%

- (1) July 4th fireworks, Shuttle Bus
- (2) Transfer to fund capital projects
- (3) Non-capitalized equipment and computer hardware
- (4) Funding committed but not yet expended i.e., contracts