



Legislation Text

File #: 06-0602, **Version:** 1

Recommendation to adopt resolution requesting the Board of Harbor Commissioners to approve the transfer of \$14,222,184 from the Harbor Revenue Fund (HR) to the Tidelands Operating Fund (TF) as of October 1, 2006.

Request the Board of Harbor Commissioners to make said transfer in equal quarterly installments on October 1, 2006, January 1, 2007, April 1, 2007 and July 1, 2007.

At the beginning of each fiscal year, City Charter Section 1209(c)(4) provides for the transfer of 10 percent of the Harbor Department's net income, as shown by the most recent available independently audited financial statements, to the Tidelands Operating Fund. Since Fiscal Year 2006 (FY 06) has not yet ended, the FY 05 audited financial statements are the basis for the FY 07 transfer. The requested transfer of \$14,222,184 represents 10 percent of the Harbor Department's \$142,221,838 net income, as shown on the audited financial statement (Attachment A) for the fiscal year ended September 30, 2005.

Staff has determined that without the requested transfer for FY 07, the Tidelands Operating Fund would close the fiscal year with a deficit, which would necessitate the closing of beaches and elimination of safety services in the Tidelands areas.

Authority to transfer the funds must be expressed by Resolution (attached). The transfer cannot occur until the Resolution is approved by a two-thirds majority of the entire City Council and a separate Resolution is approved by a majority of all members of the Board of Harbor Commissioners. Since the adoption of the FY 07 budget is dependent upon this transfer, the City Council and Board of Harbor Commissioners must adopt these Resolutions prior to the Council's adoption of the Proposed Budget, which includes the budget of the Harbor Department. The transfer supports critical services in the Tidelands Operating Fund including beach maintenance, Rainbow Harbor maintenance, lifeguard services, aquatics programs, marine safety services, and other essential Tidelands functions.

Assistant City Attorney Heather A. Mahood and Budget Management Officer David Wodynski reviewed this letter on June 20, 2006.

City Council approval is requested on July 11, 2006, to provide adequate time for the Harbor Commission's review prior to adoption of the FY 07 budget.

The 10 percent net income transfer from the Harbor Revenue Fund (HR) to the Tidelands Operating Fund (TF) will need to be included in the FY 07 Proposed Budget of the Harbor Department (HA). In addition, the annual transfer amount was utilized to balance the FY 07 budgets of the various departments that provide services in the Tidelands. Without this transfer it would not be possible to

provide ongoing services in the Tidelands area such as beach maintenance, lifeguards services, fire and police, and other essential Tidelands services.

Approve recommendation.

NAME
TITLE

APPROVED:

GERALD R. MILLER
CITY MANAGER