



Legislation Text

File #: 22-0654, Version: 1

Recommendation to adopt resolution requesting that the Board of Harbor Commissioners approve the transfer of five percent (5%) of Fiscal Year 2022 (FY 22) gross operating revenue, from the Harbor Fund Group to the Tidelands Operating Fund Group, with a true-up adjustment, if necessary, to reflect the final gross revenue amount upon issuance of the Harbor Department's FY 22 audited financial statements. (Districts 1,2,3)

City Charter Section 1209(c)(4) provides for the transfer of a maximum of 5 percent of Harbor Department gross operating revenue. The City Charter provides that the City Council, by a two-third (2/3) vote expressed by Resolution, may request the transfer in order to meet the lawful obligations of the Tidelands Operating Fund Group. The provision requires a majority vote of the Harbor Board of Commissioners, expressed by Resolution, to enact the transfer, determining that the funds will not be needed for Harbor Department operations. The Harbor Department Proposed FY 23 Budget, approved by the Harbor Commission, will include a transfer amount calculated on 5 percent of FY 22 operating revenue, which is currently estimated at \$22,786,322. This amount is approximately a 5 percent increase from the transfer amount to be received for the previous fiscal year. Approval of the transfer to Tidelands will be considered by the Harbor Commission as a separate budget action in response to this formal request by the City Council.

Tidelands Fund Requirements

Department operating revenues generated in the Tidelands area (parking, leases, service agreements, etc.) and Tidelands oil revenue are insufficient to fund Tidelands operations. The Harbor Department revenue transfer is a critical funding source for Tidelands operations citywide, including support for lifeguards, waterfront maintenance and operations, the Convention Center, and debt service payments on City bonds issued to support the aquarium.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita and Budget Analysis Officer Greg Sorensen on May 19, 2022.

Authority to transfer the funds must be expressed by Resolution (attached). Since the adoption of the FY 23 Tidelands budget is dependent upon the annual transfer, the City Council and Board of Harbor Commissioners must adopt Resolutions prior to the City Council's adoption of the Proposed FY 23 Budget, which includes the budget of the Harbor Department. City Council approval is requested on June 14, 2022 to allow time for the FY 22 transfer of 5 percent of gross operating revenue to be approved by the Board of Harbor Commissioners for the Proposed FY 23 Budget.

The transfer of 5 percent of FY 22 gross operating revenue from the Harbor Fund Group to the Tidelands Operating Fund Group will be included in the City Manager's Proposed FY 23 Budget to support Tidelands operations. The transfer amount will be paid quarterly and will be based on the actual operating revenues reported in the Harbor Department's FY 22 audited financial statements. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

Approve recommendation.

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KEVIN RIPER
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER