



Legislation Text

File #: 20-0556, **Version:** 1

Recommendation to adopt resolution requesting that the Board of Harbor Commissioners approve the transfer of 5 percent of Fiscal Year 2020 (FY 20) 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 20 audited financial statements. (Citywide)

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 2/3 vote expressed by Resolution, may request the transfer 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 the funds will not be needed for Harbor Department operations. The Harbor Department FY 21 Proposed Budget, approved by the Harbor Commission, will include a transfer amount calculated on 5 percent of FY 20 operating revenue, which is currently estimated at \$18,809,414. This amount is approximately a 7 percent decrease from the transfer amount received for the previous fiscal year. Approval of the transfer to the Tidelands Operations Fund 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, particularly in light of continuing lower oil production and oil prices. 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 Aquarium debt payments.

This matter was reviewed by Deputy City Attorney Amy R. Webber and Budget Bureau Manager Grace H. Yoon on May 29, 2020.

Authority to transfer the funds must be expressed by Resolution (attached). Since the adoption of the FY 21 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 FY 21 Proposed Budget, which includes the budget of the Harbor Department. City Council approval is requested on June 16, 2020, to allow time for the FY 20 transfer amount to be approved by the Board of Harbor Commissioners for the FY 21 Proposed Budget.

The transfer of 5 percent of FY 20 gross operating revenue from the Harbor Fund Group to the Tidelands Operating Fund Group will be included in the City Manager's FY 21 Proposed 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 20 audited financial statements. This will continue to be monitored to adjust for any additional fiscal impact due to the COVID-19 pandemic. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

[Enter Body Here]

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER