



Legislation Details (With Text)

File #:	23-0569	Version:	1	Name:	FM - Transfer of FY 23 gross operating revenue, from the Harbor Fund Group to the Tidelands Operating Fund
Type:	Resolution	Status:			Adopted
File created:	5/18/2023	In control:			City Council
On agenda:	6/6/2023	Final action:			6/6/2023
Title:	Recommendation to adopt resolution requesting that the Board of Harbor Commissioners approve the transfer of 5 percent of Fiscal Year 2023 (FY 23) 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 23 audited financial statements. (Districts 1,2,3)				
Sponsors:	Financial Management				
Indexes:					
Code sections:					
Attachments:	1. 06062023-R-25sr&att, 2. RES-23-0084.pdf				

Date	Ver.	Action By	Action	Result
6/6/2023	1	City Council	approve recommendation and adopt	Pass

Recommendation to adopt resolution requesting that the Board of Harbor Commissioners approve the transfer of 5 percent of Fiscal Year 2023 (FY 23) 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 23 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 Charter provides that the City Council, by a two-thirds (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 Board of Harbor 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 24 Budget, approved by the Board of Harbor Commissioners, will include a transfer amount calculated on 5 percent of FY 23 operating revenue, which is currently estimated at \$24,122,500. 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 the Tidelands Operating Fund Group will be considered by the Board of Harbor Commissioners 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 revenue transfer is a critical funding source for Tidelands operations citywide, including support for lifeguards, waterfront maintenance and operations, the Convention Center, and annual debt service payments on City bonds issued for the Aquarium.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita and Budget Analysis Officer Greg Sorensen on May 3, 2023.

Authority to transfer the funds must be expressed by Resolution (attached). Since the adoption of the FY 24 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 24 Budget, which includes the budget of the Harbor Department. City Council approval is requested on June 6, 2023 to allow time for the FY 23 transfer of 5 percent of gross operating revenue to be approved by the Board of Harbor Commissioners for the Proposed FY 24 Budget.

The transfer of 5 percent of FY 23 gross operating revenue from the Harbor Fund Group to the Tidelands Operating Fund Group will be included in the City Manager's Proposed FY 24 Budget to support Tidelands operations and debt service. The transfer amount will be paid quarterly and will be based on the actual operating revenues reported in the Harbor Department's FY 23 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.

KEVIN RIPER
DIRECTOR
FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER