



Legislation Text

File #: 21-0610, **Version:** 1

Recommendation to adopt resolution requesting that the Board of Harbor Commissioners approve the transfer of 5 percent of Fiscal Year 2021 (FY 21) 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 21 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 that the funds will not be needed for Harbor Department operations. The Harbor Department Proposed FY 22 Budget, approved by the Harbor Commission, will include a transfer amount calculated on 5 percent of FY 21 operating revenue, which is currently estimated at \$20,581,911. This amount is approximately a 3 percent increase from the transfer amount to be received for the previous fiscal year. The Harbor Commission will consider approval of the transfer to the Tidelands Operating Fund 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 on June 10, 2021 and by Budget Analysis Officer Greg Sorensen on June 9, 2021.

The authority to transfer the funds must be expressed by Resolution. Since the adoption of the FY 22 Tidelands budget depends on the annual transfer, the City Council and Board of Harbor Commissioners must adopt Resolutions before the City Council adopts the Proposed FY 22 Budget, which includes the budget of the Harbor Department. City Council approval is requested on July, 2021, to allow time for the FY 21 transfer of 5 percent of gross operating revenue to be approved by the Board of Harbor Commissioners for the Proposed FY 22 Budget.

The transfer of 5 percent of FY 21 gross operating revenue from the Harbor Fund Group to the Tidelands Operating Fund Group will be included in the City Manager's Proposed FY 22 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 21 audited financial statements. Operating revenues 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 local job impact associated with this recommendation.

Approve recommendation.

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JOHN GROSS
INTERIM DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER