



## Tidelands Operating Fund

**Budget Oversight Committee Meeting**  
August 20, 2024

# Today's Presentation

- Overview of the Tidelands Funds
- Types of expenditures and revenues
- Oil production challenges
- Oil revenue projections
- Tidelands Operating Funds surplus/deficit projections

## Tidelands is comprised of:

- Marina Funds
  - Restricted to general Tidelands expenses
  - Revenues are utilized for marina expenses
  - Must maintain bond coverage ratios
- Queen Mary Funds
  - Restricted to general Tidelands expenses
  - Revenues are utilized for Queen Mary expenses
- Tidelands Operating Funds
  - Restricted to general Tidelands expenses

# Tidelands Operating Funds – Operational Expenses

- Beach and Junior lifeguards
- Sand management and storm protection
- Beach management and activities
- Convention Center utilities
- Convention Center operations if net operating loss
- Belmont Pool operations
- Parking garages and enforcement
- Debt Service
- Homeless Response

# Tidelands Operating Funds – Debt Service

- Rainbow Harbor
  - Seawalls, boardwalk, parking areas
  - Ended in FY 23
- Queen Mary
  - Emergency repairs
  - Ends in FY 28
- Aquarium
  - Aquarium and parking garage
  - Ends in FY 30
- Pike Parking Garage
  - Ends in FY 33

# Tidelands Operating Funds – Capital Expenses

- Belmont Beach Aquatic Center
  - \$46.8 million in remaining appropriation
- Convention Center
  - \$20.4 million in remaining appropriation
- Beach Facilities
  - \$19.1 million in remaining appropriation
- Queen Mary
  - \$2.5 million in remaining appropriation
- Alamitos Bay and Rainbow Lagoon Water Quality
  - \$2.5 million in remaining appropriation

# Tidelands Operating Funds – Capital Expenses

- Parking Lots, Streets, and Garages
  - \$2.3 million in remaining appropriation
- Belmont Pier
  - \$2 million in remaining appropriation
- Playgrounds
  - \$1 million in remaining appropriation
- Seawalls, Docks, and Boat Launches
  - \$0.6 million in remaining appropriation

# FY 22 Tidelands Annual Surplus – Capital Investments

Projects	Amount	Projects	Amount	Projects	Amount
<b>Queen Mary Operational Repairs</b>	<b>\$ 2,950,000</b>	Aquarium Parking Garage LED Lighting Upgrade	\$ 600,000	Bluff Sculptural Art Garden, Planning & Design	\$ 200,000
<b>Queen Mary Tank Investigations, Re-opening Costs, and Public Art</b>	<b>\$ 2,075,000</b>	Resurfacing of Pine Avenue (South of Ocean Blvd)	\$ 600,000	Peninsula Beach Boardwalk Replacement Planning & Design	\$ 200,000
<b>Queen Mary Parking Improvements</b>	<b>\$ 400,000</b>	Naples Seawalls Evaluation Update, Grout Repairs, and Phase 3 Planning	\$ 500,000	Shade Structures at Alamitos, Junipero & Granada Beach Playgrounds Planning & Design	\$ 200,000
Convention Center Promenade Plaza Repair of Expansion Joints and Waterproofing	\$ 3,000,000	Security Cameras	\$ 500,000	Ocean Avenue/Convention Center Digital Signage	\$ 200,000
Belmont Beach Aquatic Center Construction Set Aside	\$ 3,000,000	Junior Lifeguard Facility	\$ 425,000	Pride Tower Node Construction	\$ 200,000
Homelessness Response	\$ 2,000,000	Davies Boat Launch Ramp, Restroom, Parking Lot Resurface, Lighting and EV Charger	\$ 400,000	Beach Restroom Door Replacement	\$ 150,000
Rainbow Lagoon Pumps Replacement and Curb Repairs	\$ 1,325,000	Crack and Slurry Seal Beach Parking Lots	\$ 400,000	Local Coastal Program Amendment or Update	\$ 150,000
Tidelands Critical Facility Reserves	\$ 1,325,000	Regional General Permit Renewal	\$ 300,000	62nd Place Paver and Seawall Patch and Repair	\$ 100,000
Marina Green Parking Lot	\$ 1,000,000	Beach Restroom Upgrades (Sensors, Auto Lock/Unlock, Paint, Flooring, Repair)	\$ 300,000	Oil Island LED Lighting Conversion Analysis and Design	\$ 100,000
Convention Center FCA Capital Projects	\$ 1,000,000	Belmont Pier Repairs	\$ 300,000	Belmont Pier Joint Public-Private Feasibility Exploration	\$ 100,000
Marina Vista Park Improvements, extension of the Colorado Lagoon Open Channel Project	\$ 800,000	Peninsula Beach Nourishment Study	\$ 250,000		
Junipero Courts and Roller Skate Area Construction Set-Aside	\$ 700,000	Tidelands Playgrounds Planning and Design for Added Inclusive Play Elements	\$ 250,000		
				<b>FY 22 Tidelands Surplus Total</b>	<b>\$26,000,000</b>

# FY 23 Tidelands Annual Surplus – Capital Investments

Projects	Amount	Projects	Amount
Lifeguard Towers Replacement	\$ 2,000,000	Rehabilitate Beach Bluff Staircases	\$ 600,000
Convention Center Improvements	\$ 1,000,000	Naples Seawalls Phase 3 Planning and Design	\$ 500,000
Belmont Pier Detail Design and Permitting	\$ 1,000,000	Marina Green Parking Lot	\$ 500,000
Belmont Beach Aquatic Center Construction Set-Aside	\$ 1,000,000	Alamitos Bay Water Quality Project	\$ 500,000
Belmont Temporary Pool Repairs	\$ 1,000,000	Marina Vista Park Pickleball Courts Design and Permitting	\$ 100,000
Tidelands Critical Facility Reserves	\$ 1,000,000	Downtown Dog Beach Play Area Exploratory Evaluation and Permitting	\$ 100,000
Tidelands Local Street Improvements	\$ 1,000,000	Emergency Debris Removal and Tree Trimming	\$ 100,000
Peninsula Beach Entrance Channel Dredging and Nourishment Permitting and Design	\$ 600,000		
		<b>FY 23 Tidelands Surplus Total</b>	<b>\$11,000,000</b>

# FY 24 Tidelands Mid-Year Surplus\* – Capital Investments

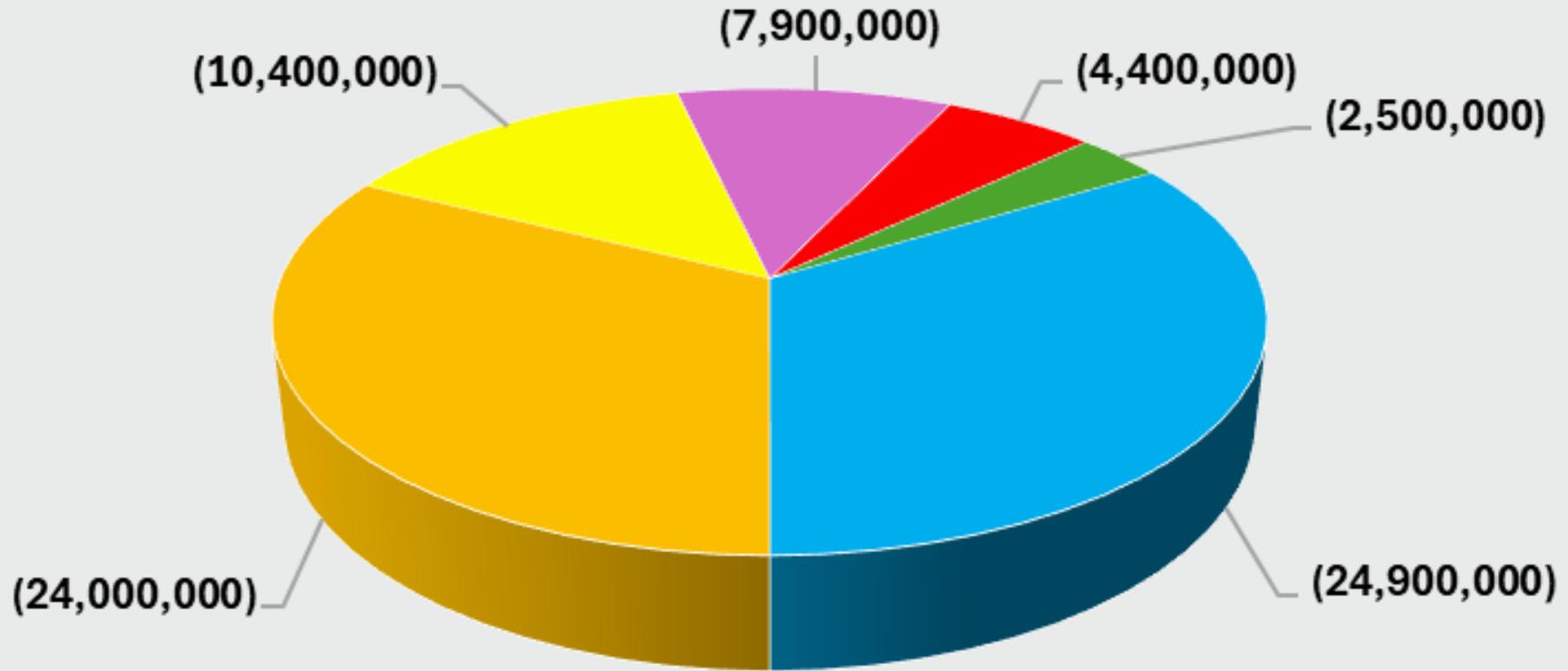
- \* Allocated \$7 million out of projected \$12 million FY 24 surplus as part of the FY 25 Proposed Budget

Projects	Amount
Belmont Beach Aquatic Center Construction Set Aside	\$ 2,800,000
Colorado Lagoon Open Channel Monitoring Year 0-1	\$ 800,000
Naples Seawalls Repairs and Phase 3 Design and Permitting	\$ 750,000
Alamitos Bay Water Quality Project	\$ 550,000
Colorado Lagoon Open Channel Recycled Water Main Upgrades	\$ 500,000
Marina Green Parking Lot and Other Beach Lots Rehabilitation	\$ 500,000
Tidelands Critical Facilities Reserve	\$ 400,000
Nieto/Colorado Parking Lot Repair and Parking Meter Installation	\$ 400,000
Rehabilitate Beach Bluff Staircases Planning and Design	\$ 300,000
<b>FY 24 Mid-Year Tidelands Surplus Total</b>	<b>\$ 7,000,000</b>

# Tidelands Operating Funds – Revenues

- Harbor Transfer
- Oil net revenues
- Facility rentals/leases and concessions
- Parking fees and citations
- Pooled cash interest
- Rainbow Harbor slip and mooring fees
- Boat launch fees
- Swimming pool fees
- Filming and misc. permit fees
- Convention Center operations if net operating profit

# FY 23 Tidelands Operating Funds – Operating Revenues\*



\* Excluding transfers and reimbursements



# Oil Production Challenges

- SB 1137
  - 3,200 foot health protection zone
    - Affects oil and gas wells within 3,200 feet of residences, schools, playgrounds, hospitals, and nursing homes
    - No new well permits and facilities, and limited repair of current wells and facilities
  - Became effective June 2024 when the referendum was withdrawn
- CalGEM injection gradient regulation
  - Directive to reduce injection pressure which reduces the ability to pump oil and gas
  - Original directive was to reduce pressure within 6 months
  - City has countered with a plan to reduce pressure within 5 years
    - City is currently implementing the 5-year plan
    - CalGEM has been receptive to the 5-year plan, conversations are ongoing

# Volatility of Oil Net Revenue Projections

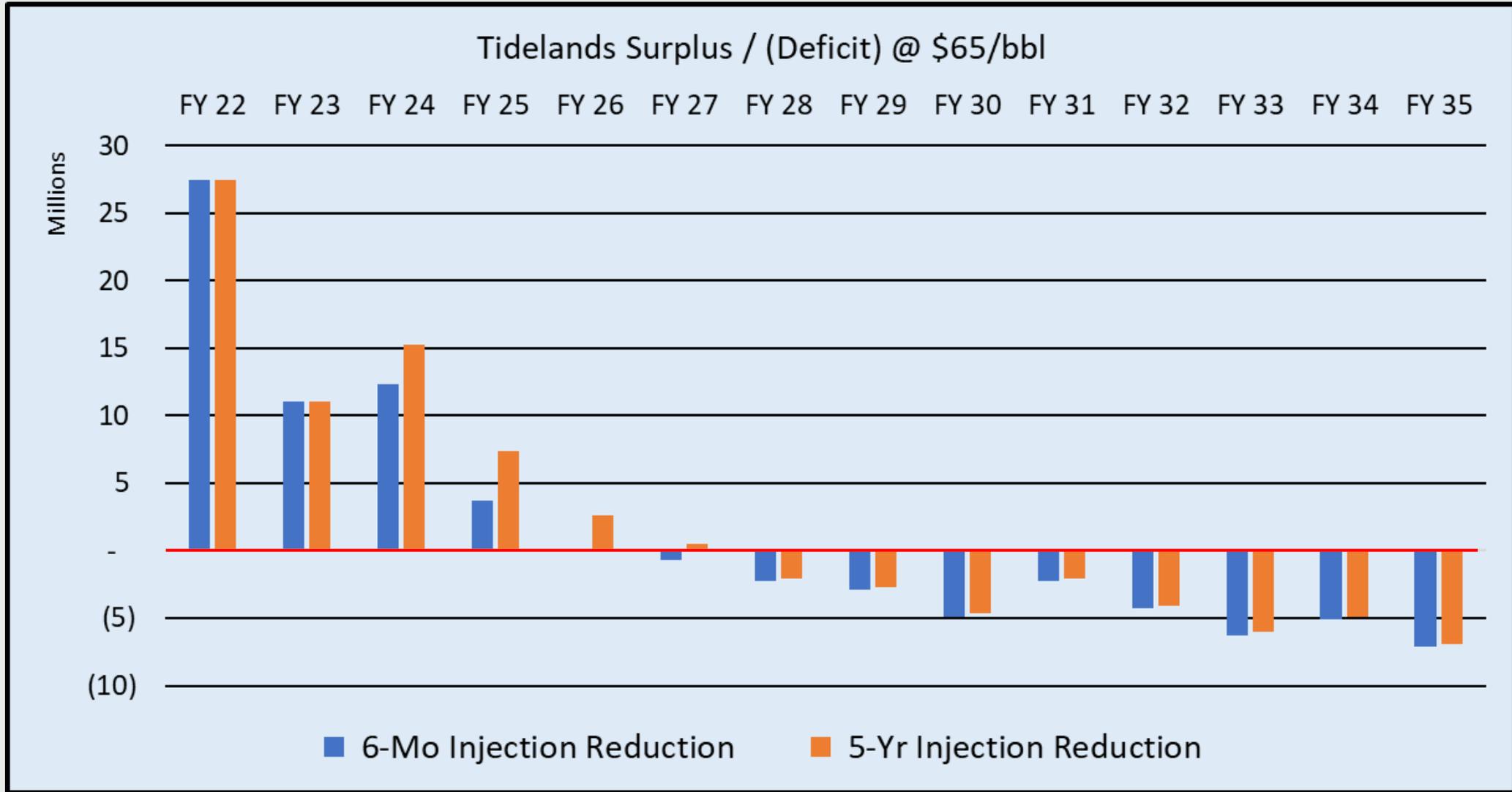
<b>Jan 2023 Pre SB 1137 &amp; Injection Reductions</b>	<b>Actuals</b>		<b>Projections</b>				
	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
<b>Avg Oil Price per Barrel</b>	\$94	\$81	\$77	\$65	\$65	\$65	\$65
<b>Net Oil Revenues</b>	\$33,800,000	\$24,900,000	\$23,000,000	\$20,300,000	\$17,900,000	\$15,700,000	\$14,900,000

<b>Current w/ SB 1137 &amp; 6-Mo Reduction</b>	<b>Actuals</b>		<b>Projections</b>				
	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
<b>Avg Oil Price per Barrel</b>	\$94	\$81	\$77	\$65	\$65	\$65	\$65
<b>Net Oil Revenues</b>	\$33,800,000	\$24,900,000	\$18,400,000	\$9,600,000	\$7,500,000	\$6,800,000	\$5,300,000

<b>Current w/ SB 1137 &amp; 5-Yr Reduction</b>	<b>Actuals</b>		<b>Projections</b>				
	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
<b>Avg Oil Price per Barrel</b>	\$94	\$81	\$77	\$65	\$65	\$65	\$65
<b>Net Oil Revenues</b>	\$33,800,000	\$24,900,000	\$21,300,000	\$13,200,000	\$9,900,000	\$8,000,000	\$5,500,000

<b>Oil Production % Compared to FY 22 w/ 5-Yr Plan</b>	<b>Actuals</b>		<b>Projections</b>				
	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
	100%	98%	84%	60%	54%	49%	45%

# Annual Surplus History and Projections



# Questions

