



Legislation Details (With Text)

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Title: FY 2020 PRELIMINARY BUDGET ADOPTION

RESOLUTION ADOPTING THE FISCAL YEAR 2020 PRELIMINARY BUDGET AND SETTING THE DATE FOR PUBLIC HEARING ON THE BUDGET AS JUNE 18, 2019

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Attachments: 1. 20. 2019-0103 Attachment A, 2. 20. 2019-0103 Attachment B, 3. 20. 2019-0103 Draft Resolution

Date	Ver.	Action By	Action	Result
5/14/2019	1	Board of Port Commissioners	adopted	Pass

DATE: May 14, 2019

SUBJECT:

FY 2020 PRELIMINARY BUDGET ADOPTION

RESOLUTION ADOPTING THE FISCAL YEAR 2020 PRELIMINARY BUDGET AND SETTING THE DATE FOR PUBLIC HEARING ON THE BUDGET AS JUNE 18, 2019

EXECUTIVE SUMMARY:

In accordance with the San Diego Unified Port District Act (Port Act) Sections 46 and 47, by June 15, the District must adopt and publish the Fiscal Year (FY) 2020 Preliminary Budget and set a date for the Board's adoption of the final budget not less than one month from publication. Staff intends to present the FY 2020 Preliminary Budget to the Board for adoption on May 14, 2019, and present the final budget to the Board for adoption on June 18, 2019.

On April 23, 2019, the District held a workshop to present and review the FY 2020 Preliminary Budget. Some of the highlights in developing the FY 2020 Preliminary Budget were presented and are reflected in the attached April 23, 2019, Budget Workshop Agenda Sheet (Attachment A).

At the April workshop, the Board accepted the FY 2020 Preliminary Budget, which includes applying a portion of the estimated reimbursements from specific insurance claims as a source of funds to cover related expenses for technology investments, and environmental investigative orders, along with the required matching funds for TIGER being funded similar to prior years, resulting in the use of cumulative unrestricted resources of \$4.2M.

The budget is shaped by significant cost drivers in carrying out principles in the Public Trust Doctrine. These drivers include championing environmental protection and complying with increasing regulations, such as increased stormwater and water quality related projects, and despite rising costs from requirements and regulations, maintaining the Port's infrastructure through ongoing major maintenance, providing a secure, stable, high performing technology environment, promoting the public's enjoyment of tidelands, public safety, and enhancing economic development.

At the May 14, 2019 Board meeting, staff is presenting for adoption the FY 2020 Preliminary Budget that plans to provide an "Unrestricted Sources Over Uses of Funds" (Unrestricted Resources) of \$2.0M and includes a \$1.0M contingency that is budgeted in expenses.

Forecasting revenues, managing costs, and extensive deliberations by the Executive Leadership Group (ELG) on strategies, initiatives, and prior directions from the Board are part of the budget process.

RECOMMENDATION:

Adopt a resolution adopting the FY 2020 Preliminary Budget and setting the date for public hearing on the Budget as June 18, 2019.

FISCAL IMPACT:

This proposed Board action has no fiscal impact. This item approves publication of the preliminary budget document and signals the start of the 30-day public comment period.

COMPASS STRATEGIC GOALS:

This agenda item will help shape the FY 2020 Final Budget which, when adopted, will support the Compass Strategic Goals by allocating funds for Board priority projects and regulatory compliance.

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A thriving and modern maritime seaport.
- A vibrant waterfront destination where residents and visitors converge.
- A Port with a healthy and sustainable bay and its environment.
- A Port with a comprehensive vision for Port land and water uses integrated to regional plans.
- A Port that is a safe place to visit, work, and play.
- A Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

On April 23, 2019, the District held a workshop to present and review the FY 2020 Preliminary Budget. During the workshop, staff presented a draft preliminary budget that plans to provide an "Unrestricted Sources Over Uses of Funds" (Unrestricted Resources) of \$2.0M and includes the use of Unrestricted Resources of \$4.2M.

At the workshop, the Board approved the following staff recommendations:

- (1) Accept the FY 2020 Preliminary Budget information and provide direction to staff, which includes the use of \$4.2M of cumulative unrestricted resources;
- (2) Adopt a resolution to maintain the FY 2019-2023 CIP budget and to not solicit project applications or hold a CIP workshop in FY 2020 pursuant to Board Policy No. 120;
- (3) Adopt a resolution, per Board Policy No. 90, reallocating the remaining balance of \$2,485,000 from the Navy Pier Headhouse Demolition Project in the 2019-2023 CIP by transferring \$900k from this amount towards capital labor and transferring the remaining \$1,585,000 into CIP contingency for future.

The table below is a summary of the FY 2020 Preliminary Budget that reflects directions received from the Board:

	Adjusted Budget FY 2019	Preliminary Budget FY 2020	Change FY 2020-2019 Budget	% Change
Revenue				
Operating	\$ 185.1	\$ 192.8	\$ 7.7	4.2%
Non-Operating	11.3	21.8	10.5	92.9%
Total Revenue	<u>\$ 196.4</u>	<u>\$ 214.6</u>	<u>\$ 18.2</u>	<u>9.3%</u>
Expenses				
Personnel	\$ 99.6	\$ 103.4	\$ 3.8	3.8%
Non-Personnel	73.2	74.5	1.3	1.8%
Major Maintenance Expense	0.2	0.9	0.7	350.0%
Capitalized Labor	(3.9)	(4.0)	(0.1)	2.6%
Total Expenses	<u>\$ 169.1</u>	<u>\$ 174.8</u>	<u>\$ 5.7</u>	<u>3.4%</u>
Other Sources and Uses	<u>\$ (23.7)</u>	<u>\$ (37.8)</u>	<u>\$ (14.1)</u>	<u>59.5%</u>
Unrestricted Sources Over Uses of Funds	<u>\$ 3.6</u>	<u>\$ 2.0</u>	<u>\$ (1.6)</u>	<u>(44.4)%</u>

A more detailed discussion of how this preliminary budget was developed and highlights of the revenues and expenses along with other sources and uses of funds are presented in the attached April 23, 2019, Budget Workshop Agenda Sheet (Attachment A).

The Board accepted the preliminary budget as presented with no changes.

The budget is prepared in a manner that facilitates its understanding by the public as well as District officials. Presenting a clear, readable budget will communicate effectively overall District goals and plans and contribute to the public's knowledge and appreciation of the District's positive impact on the region.

General Counsel's Comments:

The Office of the General Counsel has reviewed and approved this agenda as to form and legality.

Environmental Review:

The proposed Board action, including without limitation, a resolution adopting the FY 2020 Preliminary Budget and setting the date for public hearing on the budget does not constitute an "approval" or a "project" under the definitions set forth in California Environmental Quality Act (CEQA) Guidelines Sections 15352 and 15378 because no direct or indirect changes to the physical environment would occur. CEQA requires that the District adequately assess the environmental impacts of projects and reasonably foreseeable activities that may result from projects prior to the approval of the same. Any project developed as a result of Board's action that requires the District or the Board's discretionary approval resulting in a physical change to the environment will be analyzed in accordance with CEQA prior to such approval. CEQA review may result in the District, in its sole and absolute discretion, requiring implementation of mitigation measures, adopting an alternative, including without limitation, a "no project alternative" or adopting a Statement of Overriding Consideration, if required. The current Board direction in no way limits the exercise of this discretion. Therefore, no further CEQA review is required.

In addition, the proposed Board direction or action complies with Sections 20, 21, 35, 46, and 47 of the Port Act, which require the Board to draw up a budget for each fiscal year, to adopt a preliminary budget, to publish a public notice regarding adoption of the preliminary budget, and to hold a public hearing prior to fixing the final budget, and allow the Board to pass resolutions and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for "development," as defined in Section 30106 of the California Coastal Act, or "new development," pursuant to Section 1.a. of the District's Coastal Development Permit (CDP) Regulations because they will not result in, without limitation, a physical change, change in use or increase the intensity of uses. Therefore, issuance of a Coastal Development Permit or exclusion is not required. However, development within the District requires processing under the District's CDP Regulations. Future development, as defined in Section 30106 of the Coastal Act, will remain subject to its own independent review pursuant to the District's certified CDP Regulations, PMP, and Chapters 3 and 8 of the Coastal Act. The Board's direction or action in no way limits the exercise of the District's discretion under the District's CDP Regulations. Therefore, issuance of a CDP or exclusion is not required at this time.

Equal Opportunity Program:

Not applicable.

PREPARED BY:

Robert DeAngelis
CFO/Treasurer

Attachment(s):

Attachment A: April 23, 2019 Budget Workshop Agenda Sheet
Attachment B: FY 2020 Preliminary Budget