



Legislation Text

File #: 2017-0129, **Version:** 1

DATE: June 20, 2017

SUBJECT:

CONDUCT PUBLIC HEARING AND ADOPT AN ORDINANCE ADOPTING THE FISCAL YEAR 2018 FINAL BUDGET

EXECUTIVE SUMMARY:

In accordance with the San Diego Unified Port District Act (Port Act) Sections 46 and 47, by June 15th, the District must adopt and publish the Fiscal Year (FY) 2018 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 final budget to the Board for adoption on June 20, 2017.

On May 16, 2017, the Board adopted the FY 2018 Preliminary Budget that includes Unrestricted Sources Over Uses of Funds (Unrestricted Resources) of \$2.1M without rolling over the prior years Unrestricted Resources. The Board also approved and adopted as part of the FY 2018 Preliminary Budget, a revised investment spending to be funded from prior year's Unrestricted Resources (see table below under Discussion). Additionally, the Board approved and funded a list of projects from the existing list of FY 2014-2018 projects that were not constructed for future Capital Improvement Projects (CIP).

In accordance to Section 47 of the Port Act, staff published a notice of adoption of the Preliminary Budget and hearing date on Final Budget adoption.

The proposed Board action to adopt an ordinance adopting the FY 2018 Final Budget fulfills the requirements of the Port Act budget provisions.

RECOMMENDATION:

Conduct public hearing and adopt an ordinance adopting the FY 2018 Final Budget.

FISCAL IMPACT:

This proposed Board action will appropriate funds for FY 2018 expenditures as follows:

	Preliminary Budget May 16, 2017	Approved Changes	Proposed Final Budget
Direct Expense			
Ordinary Annual Expenses (Direct Expense)	\$ 164,953,600	\$ 3,072,000	\$ 168,025,600
Total Direct Expense	\$ 164,953,600	\$ 3,072,000	\$ 168,025,600
Capital and Debt Requirements			
Capital Improvement Program (CIP)	\$ 17,308,600	\$ 18,550,000	\$ 35,858,600
Technology Capital Projects	6,574,200	-	6,574,200
Capital Major Maintenance	5,734,500	2,200,000	7,934,500
Equipment Outlay	2,570,200	-	2,570,200
Debt Service - Principal	4,427,200	-	4,427,200
Total Capital and Debt Requirements	\$ 36,614,700	\$ 20,750,000	\$ 57,364,700
Total Requirements	\$ 201,568,300	\$ 23,822,000	\$ 225,390,300

The CIP amount of \$35.9M represents the estimated remaining program budget including capital labor and includes the additional projects approved and funded from Unrestricted Reserves by the Board on May 16, 2017. The amount also includes other sources such as grants and contributions for specific projects. A transfer of \$15.7M from Unrestricted Reserves to the CIP Reserve in accordance with Board directions will be made. An estimated \$22.0M will be spent in FY 2018 to execute these projects.

COMPASS STRATEGIC GOALS:

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.
- Not applicable.

DISCUSSION:

Section 46 of the Port Act states, "On or before the 15th day of June each year, the district board shall estimate and determine the amount of money required by the district and shall adopt a preliminary budget..."

Section 47 of the Port Act states, "On or before the 15th day of June of each year, the board shall publish a notice pursuant to Section 6061 of the Government Code in the district stating:

(1) That the preliminary budget has been adopted and is available at a time and at a place within

the district specified in the notice for inspection by interested taxpayers.

- (2) That on a specified date not less than one month after the publication of the notice and at a specified time and place, the district board will meet for the purposes of fixing the final budget, and that any taxpayer may appear and be heard regarding the increase, decrease or omission of any item in the budget, or for the inclusion of additional items.”

On April 25, 2017, the District held a workshop to review the FY 2018 Preliminary Budget. During the workshop, staff asked for direction to fund \$13.2M for multi-year strategic investments, and \$3.5M for a stormwater project and a Harbor Drive Infrastructure Demolition project from the Unrestricted Resources. The Board directed staff to remove the funding for strategic investments that were not funded through Operations, and to return to the Board with a budget that does not reflect any use of Unrestricted Resources. In addition, the Board directed staff to evaluate projects from the FY 2014-2018 CIP that were not constructed to see if these can become future candidates for CIP projects.

On May 16, 2017, staff presented and the Board approved and adopted the FY 2018 Preliminary Budget that includes Unrestricted Resources of \$2.1M without rolling over the prior year's Unrestricted Resources. The Board also approved and adopted as part of the FY 2018 Preliminary Budget, a revised investment spending to be funded from prior years Unrestricted Resources. Additionally, the Board approved and funded using Unrestricted Resources a list of projects from the existing list of FY 2014-2018 projects that were not constructed for future CIP.

Below is a summary of changes to the FY 2018 Budget approved by the Board:

Investment Spending Approved by Board	Amount	Budget Classifications		
		CIP	Direct Exp. (NPE)	MM Capital
Maritime Transformation - TIGER matching funds (CIP)	\$ 5,675,000	\$ 5,675,000	\$ -	\$ -
Energy CAP Management in NPE - to achieve 2020 CAP goals	2,072,000	-	2,072,000	-
Way Finding and Concessions Marketing (NPE)	500,000	-	500,000	-
Stormwater/Environmental Compliance	1,000,000	-	500,000	500,000
Harbor Drive Infrastructure Demolition	1,700,000	-	-	1,700,000
IB Street End and Restroom	2,000,000	2,000,000	-	-
National City Marina District Design	1,000,000	1,000,000	-	-
Infrastructure Pre-Design/Design at Chula Vista Bayfront	1,000,000	1,000,000	-	-
Former Navy Pier Head House Demolition	6,000,000	6,000,000	-	-
Investment Spending Approved (Added to Prelim. Budget)	\$20,947,000	\$15,675,000	\$ 3,072,000	\$ 2,200,000
Add/Deduct:				
TIGER Grant Funds	\$ 3,400,000	\$ 3,400,000	-	-
TIGER Capital Labor (already included in CIP)	(525,000)	(525,000)	-	-
Total Changes to Budget	\$23,822,000	\$18,550,000	\$ 3,072,000	\$ 2,200,000

On May 16, 2017, the Board set June 20, 2017 as the date the Board will meet for the purposes of fixing the Final Budget. In accordance to Section 47 of the Port Act, staff published a notice of adoption of Preliminary Budget and hearing date on Final Budget adoption.

The proposed Board action to adopt an ordinance adopting the FY 2018 Final Budget fulfills the requirements of the Port Act budget provisions.

General Counsel's Comments:

The Office of the General Counsel has reviewed and approved the proposed ordinance as to form and legality.

Environmental Review:

The proposed Board action 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, and the Board's action does not constitute a binding commitment to implement projects that may be contemplated as part of the FY 17/18 Final Budget. Additionally, pursuant to Section 15378(b)(4) of the State CEQA Guidelines, a project does not include the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project that may result in a potentially significant impact on the environment. CEQA requires that the District adequately assess the environmental impacts of its projects. If a project is formulated, appropriate CEQA review will be conducted prior to approval of the same and the Board/District, in its sole and absolute discretion, reserves its discretion to adopt any and all feasible mitigation measures, alternatives to the project, including a no project alternative, a statement of overriding consideration, if applicable, as well as approve or disapprove the project and any necessary permits or entitlements. No further action under CEQA is required at this time.

In addition, the proposed Board Action allows for the District to administrate its obligations under the Port Act and/or other laws. 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.

Finally, 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 Regulations. Therefore, issuance of a Coastal Development Permit or exclusion is not required. However, the District's projects require processing under the District's CDP Regulations. If the Board considers approval of future development projects formulated as a result of the FY 17/18 Final Budget, appropriate permitting under District's CDP Regulations will be completed and considered by the Board, if necessary. The Board's action in no way limits the exercise of the District's discretion under the District's CDP Regulations.

Equal Opportunity Program:

Not applicable.

PREPARED BY:

Robert DeAngelis
CFO/Treasurer

Attachment(s):

Attachment A: FY 2018 Final Budget