



Legislation Text

File #: 2023-0125, **Version:** 1

DATE: May 9, 2023

SUBJECT:

RESOLUTION ADOPTING THE FY 2024 PRELIMINARY BUDGET AND SETTING THE DATE FOR PUBLIC HEARING ON THE BUDGET AS JUNE 13, 2023

EXECUTIVE SUMMARY:

In accordance with the San Diego Unified Port District Act (Port Act) Sections 46 and 47, by June 15, 2023, the District must adopt and publish the Fiscal Year (FY) 2024 Preliminary Budget and set a date for the Board of Port Commissioners' (Board) adoption of the final budget not less than one month from publication. Staff will present the FY 2024 Preliminary Budget to the Board for adoption on May 9, 2023 and present the final budget to the Board for adoption on June 13, 2023.

At the April 25, 2023 Budget Workshop, staff presented a draft FY 2024 Preliminary Budget and asked for direction from the Board. During the meeting, the Board accepted the FY 2024 Preliminary Budget presentation and gave feedback to staff. This preliminary budget is now updated and reflects the changes based on feedback from the Board which resulted in an approximately \$4.4M budget surplus (Attachment A).

The FY 2024 preliminary budget was developed supporting core operations, and resources needed to support projects that include environmental protection and complying with increasing 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.

It is important to note that the FY 2024 budget is a plan that the Board can amend at any time during the year.

RECOMMENDATION:

Adopt a resolution adopting the FY 2024 Preliminary Budget and setting the date for public hearing on the budget as June 13, 2023

FISCAL IMPACT:

This proposed Board action has no fiscal impact until the final adoption at the June Board Meeting. 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 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:

The table below is a summary of the FY 2024 Preliminary Budget that reflects direction received from the Board at the April 25, 2023 Budget Workshop, including several budget adjustments described below:

Ordinary Annual Expense	Amount
Personnel Expense (Net of Capitalized Labor)	\$110,967,100
Non-Personnel Expense	82,458,500
Economic Recovery Program (ERP) Expense	3,321,100
Expense Major Maintenance	<u>70,000</u>
Total Ordinary Annual Expense	\$196,816,700
 Capital and Debt Requirements	
Balanced Capital Program (BCP)	\$11,000,000
Technology Capital Projects	4,207,500
Capital Major Maintenance	14,290,000
Equipment Outlay and Other Capital Projects	53,882,800
Economic Recovery Program (ERP) Capital	54,240,700
Debt Service (Principal)	<u>4,679,500</u>
Total Capital and Debt Requirements	\$142,300,500
 Total Requirements	 <u><u>\$339,117,200</u></u>

At the April 25, 2023 Budget Workshop (Workshop), staff presented a draft FY 2024 Preliminary Budget. During the meeting, there was Board discussion about prioritizing pavement repairs for National City and Chula Vista. Subsequent staff evaluation of the status of those projects, has resulted in prioritizing full repairs in this budget.

The budget revisions and adjustments are as follows:

- Major Maintenance (MM) projects include full funding for pavement repairs at National City of \$1.7M and Chula Vista of \$2.27M for a total of \$3.97M.

This will be funded by the MM carryover that was presented in the workshop of \$2.22M, amounts that already had been reflected at the workshop of \$130k, if approved in May by the Board, incremental net parking surplus of \$1.02M, and \$600k from the surplus presented at the workshop. This will reduce the surplus in the preliminary budget from approximately \$5M to approximately \$4.4M.

The budget-neutral administrative reclassifications are as follows:

- Added TAMT electrical improvements of \$5.8M, funded by grants of \$2.7M and Low Carbon Fuel Standard (LCFS) of \$3.1M
- Increased carry-over funding, grants, and expenditures for various items totaling approximately \$700k
- Reclassified LCFS from revenue to a payment obligation of \$2.1M, the revenue was previously restricted

It is important to note that the FY 2024 budget is a plan that the Board can amend at any time during the year.

General Counsel's Comments:

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

Environmental Review:

The proposed Board action, including without limitation, adopting the FY 2024 Preliminary Budget and setting the date for public hearing on the budget as June 13, 2023, does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because there is not a potential to result in a direct or indirect physical change in the environment. Therefore, the proposed Board action is not subject to CEQA and no further action under CEQA is required.

The proposed Board action complies with Sections 21 and 35 of the Port Act, which 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 Regulations. Therefore, issuance of a Coastal Development Permit or an exclusion finding is not required.

Diversity, Equity, and Inclusion Program:

This agenda sheet has no direct DEI impact on District workforce and contracting reporting at this time.

PREPARED BY:

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Chief Financial Officer/Treasurer

Attachment(s):
Attachment A: FY 2024 Preliminary Budget