



Legislation Text

File #: 2023-0132, **Version:** 1

DATE: May 9, 2023

SUBJECT:

**DISCUSSION OF USE OF ANTICIPATED FY 2023 BUDGET SURPLUS AND POTENTIAL
RESOLUTION AMENDING FY 2024 PRELIMINARY BUDGET.**

EXECUTIVE SUMMARY:

As the end of the FY 2023 budget cycle approaches, staff identified a \$31 million surplus in funds and seeks Board direction for how the surplus should be invested, and requests the Board adopt a resolution to amend the FY 2024 Preliminary Budget to reflect the allocation and appropriation of these funds.

On April 26, 2023 the Board held a FY 2024 Budget Workshop that included a discussion of the FY 2023 surplus and how the funds should be allocated. After discussing the funding options, the Board directed staff to prepare two iterations for how to spend the surplus, one of which will be adopted by the Board at the May 2023 Board of Port Commissioners meeting.

If the Board decides to apply any of the anticipated FY 2023 budget surplus, the Board should adopt a resolution amending the FY 2024 Preliminary Budget (a separate item on the May 9, 2023 Board agenda) to reflect such additional appropriations. Therefore, the Board's consideration of the FY 2024 Final Budget (scheduled for June 13, 2023) will include such additional appropriations from FY 2023 surplus.

RECOMMENDATION:

Discuss use of anticipated FY 2023 budget surplus and adopt a resolution amending FY 2024 Preliminary Budget.

FISCAL IMPACT:

This agenda item has no fiscal impact on FY 2023. Any fiscal commitments will be budgeted and adopted in the FY 2024 budget.

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 an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.
- A Port that is a safe place to visit, work and play.

DISCUSSION:

As the end of the FY 2023 budget cycle approaches, staff identified a \$31 million surplus in funds and seeks Board direction for how the surplus should be invested, and requests the Board adopt a resolution to amend the FY 2024 Preliminary Budget to reflect the allocation and appropriation of these funds.

On April 26, 2023 the Board held a FY 2024 Budget Workshop that included a discussion of the FY2023 surplus and how the funds should be allocated. During the Budget Workshop, staff presented over \$200 million in priorities including 51 potential projects around the Bay that need funding, at an estimated total cost of approximately \$233.8 million, some of which could be satisfied with the \$31 million surplus. The 51 potential projects fall into one of the following five categories: (1) electrification; (2) parks & public access; (3) infrastructure & resiliency; (4) business opportunities; and (5) information technology. Staff also presented an additional option - funding the Balanced Capital Program which would equally add some or all of the surplus into each of the five member city subaccounts.

After discussing the funding options, the Board directed staff to prepare two iterations based on their direction of priorities for spending the surplus, one of which will be adopted by the Board at the May 2023 Board of Port Commissioners meeting.

Iteration One includes funding for:

- Harbor Park Phase IA - \$5 million
- National City Balanced Plan Planning/Pepper Park - \$5 million
- Tenth Avenue Marine Terminal (TAMT) Security Gate Improvements - \$350,000
- B Street Asphalt - \$500,000
- TAMT Electrical Upgrades Phases 4 - 6 - \$4.1 million
- East Harbor Island Redevelopment - \$1.1 million
- Driscoll's Wharf Redevelopment - \$3.1 million
- Infrastructure Grant Matching Reserve - \$5 million
- Imperial Beach Pier - \$1 million
- Coronado Landscaping - \$1 million
- Surplus - \$4.85 million

Iteration Two includes funding for:

- Balanced Capital Program - \$15 million
- Infrastructure Grant Matching Reserve - \$5 million
- Reserves - \$11 million

This agenda item will include a presentation that summarizes funding options and requests for direction to staff on (A) how to invest the FY 2023 budget surplus funds and (B) ask the board to adopt a resolution amending FY 2024 Preliminary Budget.

General Counsel's Comments:

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

Environmental Review:

The proposed Board item does not constitute 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 the proposed Board item requiring the District or the Board's discretionary approval resulting in a physical change to the environment would 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.

The proposed Board item complies with Section 87 of the Port Act, which allows for the establishment, improvement, and conduct of a harbor, and for the construction, reconstruction, repair, maintenance, and operation of wharves, docks, piers, slips, quays, and all other works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient, for the promotion and accommodation of commerce and navigation. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, this update is consistent with the Public Trust Doctrine.

The proposed Board item 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 there will not be, 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 would 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 in no way limits the exercise of the District's discretion under the District's CDP Regulations.

Diversity, Equity, and Inclusion Program:

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

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