

**FILE NUMBER: 2025-099**

**DATE:** Tuesday, May 6, 2025

**SUBJECT: Fiscal Year 2026 Preliminary Budget**

**DESCRIPTION: Resolution Adopting the FY 2026 Preliminary Budget and Setting the Date for Public Hearing on the Budget as June 06, 2025**

**EXECUTIVE SUMMARY:**

In accordance with the San Diego Unified Port District Act (Port Act) Sections 46 and 47, by June 15, 2025, the District must adopt and publish the Fiscal Year (FY) 2026 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 2026 Preliminary Budget to the Board for adoption on May 06, 2025 and present the final budget to the Board for adoption on June 06, 2025.

At the April 24, 2025 Budget Workshop, staff presented a draft FY 2026 Preliminary Budget and asked for direction from the Board. During the meeting, the Board provided feedback on the FY 2026 Preliminary Budget presentation to staff. This preliminary budget is now updated and reflects the changes based on feedback from the Board which resulted in a \$647,600 budget surplus (Attachment A).

The FY 2026 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 2026 budget is a plan that the Board can amend at any time during the year.

**RECOMMENDATION:**

Adopt a resolution adopting the FY 2026 Preliminary Budget and setting the date for public hearing on the budget as June 06, 2025

**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.

## **DISCUSSION:**

The table below is a summary of the FY 2026 Preliminary Budget that reflects direction received from the Board at the April 24, 2025 Budget Workshop, including several budget adjustments described below:

	<b>Final Budget</b>
<b>Ordinary Annual Expense</b>	
Personnel Expense (Net of Capitalized Labor)	\$ 131,137,400
Non-Personnel Expenses	114,507,100
Economic Recovery Program (ERP) Expense	1,509,300
Expense Major Maintenance	880,000
<b>Total Ordinary Annual Expense</b>	<b>\$ 248,033,800</b>
<b>Capital and Debt Requirements</b>	
Balanced Capital Program (BCP)	\$ 6,397,200
Technology Capital Projects	15,647,300
Capital Major Maintenance	19,649,000
Equipment Outlay and Other Capital Projects	102,201,900
Economic Recovery Program (ERP) Capital	20,690,400
Debt Service (Principal)	5,392,600
<b>Total Capital and Debt Requirements</b>	<b>\$ 169,978,400</b>
<b>Total Requirements</b>	<b>\$ 418,012,200</b>

At the April 24, 2025 Budget Workshop, staff presented a draft FY 2026 Preliminary Budget with a budget surplus of \$1,047,600. Staff has re-evaluated and revised the draft FY 2026 Preliminary budget to incorporate Board comments and this has resulted in a \$647,600 budget surplus (Attachment A).

The budget revisions and adjustments are as follows:

	<b>FY 2026 Budget Impact</b>
Changes:	
<b>Add</b> Caulerpa Invasive Species Managment (Environmental Conservation).....	(300,000)
<b>Add</b> Sweetwater Park Temporary Security (Homeland Security).....	(100,000)
<b>FY 2026 Operating Budget Net Impact/Budgeted Surplus Decrease</b>	<b>\$ (400,000)</b>

The budget-neutral administrative reclassifications are as follows:

	<b>FY 2026 Budget Impact</b>
Changes:	
<b><u>Revenue</u></b>	
<b>Add</b> Chula Vista JEPA Reimbursement.....	\$ 5,856,000
<b><u>Non-Personnel Expense</u></b>	
<b>Add</b> Chula Vista JEPA Support Payments.....	\$ (5,000,000)
<b>Add</b> Chula Vista JEPA County Loan Agreement Payment.....	(856,000)
<b><u>Major Maintenance Projects</u></b>	
<b>Add</b> West Elevator Improvements at B Street CST	\$ (100,000)
<b>Offset</b> Cruise Facility Improvement Fund.....	100,000
<b><u>Economic Recovery Program Capital Projects</u></b>	
<b>Reduce</b> Pond 20.....	1,800,000
<b>Add</b> Splash Pad at Portwood Pier Plaza.....	(1,800,000)
<b><u>Balanced Capital Program</u></b>	
<b>Remove</b> Splash Pad at Portwood Pier Plaza.....	1,800,000
<b>Offset</b> Balanced Capital Program Reserve.....	(1,800,000)
<b>FY 2026 Operating Budget Net Impact</b>	<b>\$ -</b>

### **General Counsel's Comments:**

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

### **Environmental Review:**

The proposed Board action, including without limitation authorizing the Fiscal Year 2026 Preliminary Budget and setting the date for public hearing, 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 Section 35 of the Port Act which allows for the Board 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.

**Culture of Belonging Program:**

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

**PREPARED BY:**

Tracy Largent  
CFO/ Treasurer

Attachment(s):

Attachment A:      FY 2026 Preliminary Budget Book