

FILE NUMBER: 2025-240

DATE: Tuesday, December 9, 2025

SUBJECT: Ordinance Amending the District's FY 2026 Budget to Appropriate Unspent Planned and Budgeted Funds from FY 2025

DESCRIPTION: Adopt an Ordinance Amending the District's FY 2026 Budget to Appropriate Unspent Budgeted Funds from FY 2025, Increasing the Major Maintenance Capital Appropriation by \$233,669, the Major Maintenance Expense Appropriation by \$213,809, and the Other Capital Projects Appropriation by \$36,286,434. The Individual Project Budgets are Not Changing; All Budget Amounts Were Encumbered with Prior Year Funds.

EXECUTIVE SUMMARY:

Each fiscal year, the Board appropriates funds to be spent on approved District projects in a variety of different appropriated items, such as Major Maintenance Capital (MMC), Major Maintenance Expense (MME), and Other Capital Projects (OCP). For several reasons discussed below, a project may not utilize all of the funds appropriated in that fiscal year, e.g., changed or unexpected conditions, or permitting delays. During budget preparations, Staff make projections for each project's spending to recommend the next fiscal year's budget appropriation. However, often, the amount of actual funds expended at the conclusion of the fiscal year varies from the projections used in the final budget approved by the Board.

This agenda recommends amending the Fiscal Year 2026 Budget to allocate unspent prior year funds, which were unspent on budgeted projects. This does not change individual multi-year project budgets, but allows for project expenses to be paid out in the fiscal year in which the work is planned to be executed.

RECOMMENDATION:

Adopt an ordinance amending the District's FY 2026 Budget to appropriate unspent budgeted funds from FY 2025, increasing the Major Maintenance Capital Appropriation by \$233,669, the Major Maintenance Expense Appropriation by \$213,809, and the Other Capital Projects Appropriation by \$36,286,434. The individual project budgets are not changing; all budget amounts were encumbered with prior year funds.

FISCAL IMPACT:

Approval of this action will amend the FY 2026 budget by increasing the Major Maintenance Capital Appropriation by \$233,669, the Major Maintenance Expense Appropriation by \$213,809, and the Other Capital Projects Appropriation by \$36,286,434, to be funded from unspent budgeted funds from FY 2025.

COMPASS STRATEGIC GOALS:

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

- A Port that the public understands and trusts.

DISCUSSION:

Staff is recommending amending the District's Fiscal Year 2026 Budget to appropriate unused prior year carryover funds within Major Maintenance (MM) and Other Capital Projects (OCP) appropriations. This action does not amend any of the total approved multi-year project budgets within the respective programs.

The FY 2026 Preliminary Budget and the Final Budget were crafted with the best available projections at the time of print; however, various factors contribute to changes in the time-phasing of project expenditures during active project execution from Preliminary Budget preparation, and fiscal year-end closeout.

On June 6, 2025, the Board approved the projects within the MM Program and OCP Appropriation through Ordinance No. 3165. These approvals confirm that the total multi-year project budgets for these programs are established and remain intact.

Appropriating these funds is critical for maintaining project delivery expectations into FY 2026. These funds are essential for covering costs related to technical engineering design, construction support, and other project activities.

This carryover is necessary due to various factors, including but not limited to:

- Permitting delays
- Long lead items
- Delays in contractor mobilization
- Differing site conditions
- Unanticipated bid results

This agenda item reconciles \$36,286,434 of the OCP appropriation via budget amendment. Out of the \$36,286,434, an amount of \$35,564,958 is due to the remaining unallocated portion of an EPA Award and Economic Recovery Program match, which was part of the overall \$58,600,279 Environmental Protection Agency (EPA) grant accepted by the Board of Port Commissioners on January 14, 2025 (Ordinance 3151). The remaining \$721,476 is a result of the bullet points listed above, among the other 45 approved projects in the appropriations.

As projects are inherently dynamic, unexpected obstacles can impact execution timelines, especially around fiscal year transitions. Therefore, timely transferring unused budgeted funds is crucial to uphold the operational continuity and effectiveness of our projects moving into FY 2026.

Table A below shows the FY 2026 Budget adjustments.

Table A

Program/ Appropriation	FY 2026 Approved Budget	Budget Adjustment	FY 2026 Adjusted Budget
Major Maintenance Capital	\$19,649,000	\$233,669	\$19,882,669
Major Maintenance Expense	\$880,000	\$213,809	\$1,093,809
Other Capital Projects	\$96,521,200	\$36,286,434	\$132,807,634
Totals	\$117,050,200	\$36,733,912	\$153,784,112

General Counsel's Comments:

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

Environmental Review:

The proposed Board action, including without limitation adopting an ordinance amending the District's FY 2026 Budget to appropriate unspent planned and budgeted funds from FY 2025, 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:

Not applicable.

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