



## BPC Policy No. 120

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**SUBJECT:** BALANCED CAPITAL PROGRAM (BCP)

**PURPOSE:** This is a revision to the BPC Policy No. 120, which established the orderly development or improvement of the Capital Improvement Program (CIP), to address a subset of CIP projects. Objectives of the BCP include the following:

- To distribute the Port's capital investments in a balanced and equitable manner throughout the Tidelands located in all the Member Cities.
- To reflect sound land use and capital improvement planning principles, as well as the strategic development, business and operational goals set by the Board of Port Commissioners (BPC).
- To advance projects that are consistent with the Port District Act and the Port's numerous duties and state mandates.

### SECTION 1 BALANCED CAPITAL PROJECTS

#### 1.1 Definition

Balanced Capital (BC) projects support public access and non-revenue generating public benefit. Key features of BC projects include the following:

- Commissioners recommend projects for inclusion into this program;
- Funding based on an equal five-way split of available funds placed in sub-accounts for capital projects on the Tidelands within the boundaries of member cities; and
- Grants, or other sources of funds may also be utilized to further fund BC projects.

#### 1.2 BCP Budgeting

Budgeting for the BCP will be developed as follows:

Starting in fiscal year 2024, BCP funding will be sourced from fiscal year 2023 CIP surplus budget along with initial funding. Five subaccounts shall be created, each with the purpose to fund BC projects on Tidelands within individual member cities. These funds will be split equally between the subaccounts, which the BPC can draw from for BC projects.

In subsequent years, additional funding for the appropriation will be evaluated annually during the budget workshop. Provided new funding is available for allocation to the BCP, funds will be divided equally five ways for the subaccounts as stated above. Any unused funding will roll-over into its respective subaccount in the subsequent fiscal year.

### **1.3 BC Contingency**

As a recommended guideline, when the BPC approves new funding for the BCP, the BPC may approve an additional funding amount for BCP Contingency. This program-level contingency will be distinct from the subaccounts and will be available to address unforeseen conditions during the execution of any approved BC project. The budgeting guideline for the BCP Contingency is 10% of the aggregate total of all the individual BC project budgets.

Each individual BC project budget includes all the anticipated contingency; however, if a project requires BC Contingency, the amount withdrawn shall be decremented from subsequent subaccount allocation(s) and returned to BCP Contingency until the project's BCP Contingency withdrawal has been fully reimbursed to the BCP Contingency. Utilization of the BCP Contingency requires approval from the Executive Director or authorized designee.

In the event a project utilizes the balance of the BCP Contingency and still requires additional funding, approval shall be obtained from the BPC for the additional amount. Further, any request to cover such an overage shall include an equal amount to be deposited into each of the other four subaccounts or shall be decremented from future subaccount allocation(s) until the project's contingency withdrawal has been fully reimbursed.

Upon the completion of a BC project, any funds remaining in the approved project budget will be reallocated to its respective BC subaccount. These funds are available for allocation to existing or new BC projects within the subaccount at the discretion of the BPC. Reallocation of funds to any individual projects will require BPC approval in accordance with this policy as well as other applicable policies including BPC Policy No. 090, Transfer Between or Within Appropriated Items in Budget.

### **1.4 BC Programming**

Once the funding for the BC has been approved into individual subaccounts, the solicitation process for projects may proceed. Each Commissioner may collaborate with its respective member city to prioritize projects sponsored within member city's Tidelands areas. Upon availability of funds in the subaccounts, Commissioners will have the option to propose the following uses of the respective BC subaccount funds for the BPC's consideration:

- Adding new projects which have been vetted through the process in section 1.5 below
  - BC projects may be completed in multiple stages such that the completion of a particular stage of the project results in a complete and usable product

even if the project in its entirety is not complete.

- Adding funding to existing BC project budgets.
- Banking the funds for future BC projects.
- Reprioritization of funds among existing approved BC projects within a subaccount.
- Canceling existing projects within the respective subaccount.

Port staff will be available to assist Commissioners as they consider viable projects within their cities.

At any regularly scheduled BPC meeting, the Executive Director may request the BPC to approve modifications to the BCP. All modifications will be reviewed by the BCP staff committee and if recommended to move forward will proceed to the BPC as soon as practical.

### **1.5 BC Project Selection Process**

In coordination with their member cities, Commissioners will evaluate and prioritize projects for viability prior to submission to Port Staff based on the criteria set forth to follow (in no particular order):

- Contribution to the Port's strategic goals;
- Adherence to Port objectives and the Port District Act;
- Capacity to provide public access and non-revenue generating public benefits;
- To reflect sound land use and capital improvement planning principles, as well as the strategic development, business and operational goals set by the Board of Port Commissioners (BPC);
- To implement the appropriate and necessary sequencing of capital improvement projects based upon operational and business demands; and
- To ensure projects given priority have a direct relationship to the establishment or improvement of capital assets needed to facilitate upcoming priority developments and pressing operational needs.

For project consideration, each proposed project will develop the following objective assessment:

- A. A project description including a statement of need for the project;
- B. Identification of the specific strategic goals the project addresses;
- C. A financial analysis of the costs of the project, the availability of grant funding, matching funds, or other third-party funds;
- D. An analysis of any anticipated non-monetary public benefits of the project;
- E. A rational assessment of the need for the timing of the improvements, and an explanation of the appropriateness of the timing of the investment; and
- F. An explanation of how the project implements or facilitates the implementation of the Port Master Plan or other approved plans.

A project review which includes an evaluation of its estimated life cycle costs will be completed by Port staff within 60 days of receipt of application. District may require additional review time if warranted, given the complexity of the project. After the evaluation is finalized by the District, it shall be provided to the respective city's Commissioner(s) at least one month before it is considered for approval at a regularly scheduled BPC meeting.

### **1.6 BC Reporting to the Board**

The BCP budget once approved by the BPC shall constitute direction from the BPC regarding Port District administration of the program. The Executive Director will update the BPC periodically on the execution of the approved BCP. If new or additional information is discovered during the implementation of an approved BC project that makes the implementation of the project infeasible or impractical, then this information will be reported promptly to the BPC.

## **SECTION 2 FISCAL EMERGENCY PROVISION**

Notwithstanding any other provision of this policy, the annual funding for the BCP may be changed or otherwise suspended from time to time if the BPC makes a finding that, because of a fiscal emergency there is an established need for all or part of these funds to be expended for the repair, operation, maintenance or development of Port District infrastructure critical and paramount to the operation of the Port District.

For purposes of this provision, "fiscal emergency" means an extraordinary occurrence or combination of circumstances that was unforeseen and unexpected, and which requires immediate and sudden action of a drastic but temporary nature.

RESOLUTION NUMBER AND DATE: Resolution 2022-135, dated November 8, 2022 (Supersedes BPC Policy No.120, Resolution 2015-138, dated October 21, 2015; Resolution 2015-28, dated April 14, 2015; Resolution 2015-25, dated March 10, 2015; Resolution 2014-45, dated March 4, 2014; Resolution 2011-45, dated April 12, 2011; Resolution 2008-116, dated July 1, 2008; and Resolution 82-13, dated January 5, 1982)