

DRAFT

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE xxxx

ORDINANCE AMENDING THE FISCAL YEAR 2021 BUDGET INCREASING THE EQUIPMENT OUTLAY AND OTHER CAPITAL PROJECTS APPROPRIATION BY \$1,250,000 FOR AN INCREASE TO THE U.S. COAST GUARD PHASE II TENANT IMPROVEMENTS PROJECT TO BE FUNDED FROM THE OPERATING RESERVES. UPON COMPLETION OF THE PROJECT, OPERATING RESERVES WILL BE REPLENISHED FROM THE COAST GUARD/GENERAL SERVICES ADMINISTRATION (GSA) REIMBURSEMENT OF \$844,308.

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix I (Port Act); and

WHEREAS, Staff recommends that the San Diego Unified Port District (District) Board of Port Commissioners (Board) approve the plans and specifications and authorize the award of an Equipment Outlay and Other Capital Projects construction contract to Soltek Pacific Construction in the amount of \$2,889,091 for the U.S. Coast Guard Phase II Tenant Improvements project ("Project") located at National Distribution Center, 1022 Bay Marina Drive, Suite 150, National City, CA; and

WHEREAS, the plans and specifications define the contract work, pursuant to Lease No GS-09P-LCA00367, including the remodel of existing warehouse space and construction of a new concrete loading ramp at the existing loading dock; and

WHEREAS, on October 6, 2020, the District received fourteen (14) bids ranging from \$2,640,600 to \$3,923,435.23; and

WHEREAS, the lowest responsive and responsible bid was submitted by Soltek Pacific Construction in the amount of \$2,889,091; and

WHEREAS, after including a construction contingency amount of 10%, soft costs for design, engineering, and project management, the total estimated Project costs are approximately \$3,450,000; and

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WHEREAS, although the total estimated Project costs exceed the original budget (\$2,200,000) by \$1,250,000, most of the additional costs (approximately \$844,308) are reimbursable by GSA via a lump-sum payment at completion of construction; and

WHEREAS, staff is requesting the Board increase the Fiscal Year 2021 Budget in the amount of \$1,250,000 from the Operating Reserves to the Equipment Outlay and Other Capital Projects Appropriation to provide the budget necessary to award and construct the Project; and

WHEREAS, although the Project costs exceed original estimates, the lease continues to provide substantial financial returns to the District by providing: (1) a lump sum payment upon lease execution of over \$150,000 for retroactive rate increases for the existing space; (2) new incremental annual revenue of over \$615,000 upon completion of the Project; and (3) an internal rate of return of 33% over the first ten years of the lease.

NOW, THEREFORE, the Board of Port Commissioners of the San Diego Unified Port District does ordain as follows:

Section 1. The FY 2021 budget is hereby amended to increase the Capital Improvement Program appropriation by \$1,250,000.

Section 2. This Ordinance shall take effect on the 31st day from its passage by the Board of Port Commissioners.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 19th day of January 2021, by the following vote: