

DRAFT**RESOLUTION 20xx-xxx**

RESOLUTION AUTHORIZING A SINGLE SOURCE PURCHASE AGREEMENT WITH KONECRANES FOR DISTRICT ACQUISITION OF TWO ALL-ELECTRIC MOBILE HARBOR CRANES WITH A PROCUREMENT COST NOT-TO-EXCEED \$14,760,000 FOR USE AT TENTH AVENUE MARINE TERMINAL, SAN DIEGO, CA; FUNDS FOR THIS PROCUREMENT FOR THIS FISCAL YEAR ARE BUDGETED WITHIN THE ECONOMIC RECOVERY PROGRAM CAPITAL OUTLAY APPROPRIATED ITEM; ALL FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE ECONOMIC RECOVERY PROGRAM CAPITAL OUTLAY APPROPRIATED ITEM OF THE APPROPRIATE FISCAL YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH FISCAL YEAR'S BUDGET

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 1, (Port Act); and

WHEREAS, the Board of Port Commissioners (BPC) adopted BPC Policy No. 110 to establish a policy governing the processing and administration of public projects, consulting and service agreements, the purchasing of supplies, materials, and equipment, and grants; and

WHEREAS, the Tenth Avenue Marine Terminal (TAMT) is one of two marine cargo terminals within the District's Maritime portfolio;

WHEREAS, TAMT serves as an omni-cargo terminal, consisting of a 96-acre facility located in San Diego, California, and handles breakbulk, bulk, container, Roll-on/Roll-off, and project cargos such as transformers for regional utilities, in addition to steel and engines used in local shipbuilding; and

WHEREAS, currently, the District utilizes an existing diesel-powered Gottwald HMK300E mobile harbor crane (diesel-powered crane) acquired in 2001 with a maximum lift capacity of 100 metric tons (MT) and 46 MT when operating at the maximum reach of 38-feet; and

WHEREAS, most of the heavy-lift cargoes destined for this region weigh more than 200 MT, and the District's current lifting capacity is insufficient to accommodate this cargo; and

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WHEREAS, the existing diesel-powered mobile harbor crane has also reached its operational life expectancy, has had three breakdowns in the last six months, and was identified for replacement in the District's Maritime Clean Air Strategy; and

WHEREAS, purchasing the proposed fully electric mobile harbor cranes will position the District to compete for this niche market, further capitalizing on the space unlocked by the TIGER project and the growth forecasted in the TAMT Redevelopment Plan; and

WHEREAS, only two companies currently offer fully electric mobile harbor cranes which meet the District's requirements; and

WHEREAS, District staff has had extensive communications with both Konecranes (Kone) and Liebherr beginning in 2020; and

WHEREAS, due to the extremely limited potential vendors and the importance of procuring the cranes expeditiously from a business perspective (e.g., current issues with Gottwald crane and potential new business, and deadlines associated with spending American Rescue Plan Act (ARPA) funds received from the State of California's Coronavirus Fiscal Recovery Fund of 2021), staff determined that it would not be in the District's best interest to go through a formal request for proposals process normally undertaken for purchases under BPC Policy No. 110; and

WHEREAS, BPC Policy 110 contemplates such a situation and allows the BPC to award single source purchase agreements; and

WHEREAS, note that an agenda published for the December 2021 BPC Meeting included a "sole source" staff recommendation that Kone was the only all-electric solution which met the District's requirements; and

WHEREAS, staff withdrew that item from the December Board meeting and has since given Liebherr further opportunity to explicitly propose its offered all-electric solution; and

WHEREAS, this current agenda takes into account Liebherr's December 31, 2021 proposal and recommends a single source award to Kone based on price, warranty, and confirmed delivery by Kone of its all-electric solution in Port of Skelleftea (Sweden); and

WHEREAS, the fully electric cranes would eliminate tailpipe emissions from the District's most polluting piece of equipment, the diesel-powered mobile harbor crane; and

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WHEREAS, the District will be the first port in North America to deploy cranes of this kind; and

WHEREAS, the funds for this fiscal year used to pay for this item are budgeted within the Economic Recovery Program (ERP) Capital Outlay appropriated items and funds for future fiscal years will be budgeted in the ERP Capital Outlay appropriated item, subject to Board approval, this item is a part of the previously approved ERP utilizing the ARPA funds received from the State of California's Coronavirus Fiscal Recovery Fund of 2021.

NOW THEREFORE, BE IT RESOLVED that the Board of Port Commissioners of the San Diego Unified Port District, hereby authorizes and directs the Executive Director or his designated representative to execute a single source purchase agreement with Konecranes for two all-electric mobile harbor cranes with a procurement cost not to exceed \$14,760,000, for use at Tenth Avenue Marine Terminal.

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 11th day of January 2022, by the following vote: