

RESOLUTION 20xx-xxx**RESOLUTION APPROVING A FY 2023 BUDGET TRANSFER, IN ACCORDANCE WITH BPC POLICY NO. 90, TRANSFERRING \$650,000 FROM THE EQUIPMENT OUTLAY AND OTHER CAPITAL PROJECTS APPROPRIATION TO THE CAPITAL IMPROVEMENT PROGRAM APPROPRIATION FOR DESIGN COSTS AND GEOTECHNICAL STUDY FOR THE B STREET CRUISE SHIP TERMINAL INTERIOR IMPROVEMENTS PROJECT**

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, Board of Port Commissioners (BPC) Policy 090 establishes a policy for the transfer of amounts between appropriated items in the budget in accordance with Section 86 of the Act, as well as within appropriated items; and

WHEREAS, BPC Policy 120 establishes a policy for the orderly development or improvement of the capital assets of the Port District through a Capital Improvement Program (CIP); and

WHEREAS, the District operates two cruise ship terminals, B Street Cruise Ship Terminal, and Port Pavilion on Broadway Pier; and

WHEREAS, the B Street Cruise Ship Terminal serves as the District's primary cruise ship facility; and

WHEREAS, the B Street Cruise Ship Terminal has served this function since 1985, when it was converted from a cargo warehouse; and

WHEREAS, the cruise industry has evolved, and customer service standards have changed since then, offering passengers/guests better vessels that can deliver more amenities; however, as the market has changed, B Street Cruise Ship Terminal has remained much the same as it did when first remodeled; and

WHEREAS, the B Street Cruise Ship Terminal Interior Improvements Project (Project) will enhance the passenger experience and embarkation process by demolishing and opening currently unusable space, providing better technological check-in efficiencies, allowing for additional social distancing between passengers, and significantly improving the aesthetics of the facility; and

WHEREAS, the Project will allow the District to implement the first major interior upgrade to the facility in over 37 years; and

WHEREAS, the total Project cost is estimated at \$5 million (see Attachment A to the corresponding Agenda on file with the Office of the District Clerk for a diagram of the proposed area for improvement); and

WHEREAS, staff recommends the establishment of a Cruise Facility Improvement Fee (CFI FEE) that is intended to pay for the Project; and

WHEREAS, the Cruise Facility Improvement Fund (CFI FUND) is intended to house accumulated CFI FEE and provide a funding source for the proposed Project and potential future approved cruise ship terminal improvement projects outside the District's scheduled Major Maintenance Program; and

WHEREAS, to establish the CFI FEE and CFI FUND, staff is proposing an amendment to San Diego Unified Port District Tariff 1-G, Rate and Charges by adding a \$5.50 (five dollars and fifty cents) per passenger CFI FEE to be effective November 1, 2022 (Attachment B to the corresponding Agenda on file with the Office of the District Clerk); and

WHEREAS, the CFI FEE would be a fee in addition to and independent of the current \$10 (ten dollars) passenger fee; and

WHEREAS, like the current passenger fee, the CFI FEE will be charged to cruise lines for the use of the District's cruise facilities and, together with all current tariff rates and charges, remains a reasonable fee in exchange for the benefits cruise lines receive for the use of the District's facilities; and

WHEREAS, the CFI FEE would bring the cruise lines' total per passenger movement charge to \$15.50 (fifteen dollars and fifty cents); and

WHEREAS, from a competitive standpoint, this fee is still within range of the Port of Los Angeles, the District's closest competitor, which charges \$15.65 per passenger movement; and

WHEREAS, Staff projects that the collection of the CFI FEE will result in the accumulation of \$4.35 million by October 2024, the estimate project construction cost; and

WHEREAS, the initial required \$650,000 District outlay has been included in the FY 2023 Budget under Equipment Outlay and Other Capital Projects and will be transferred to Capital Improvement Program upon Board approval; and

WHEREAS, staff will request the Board's approval to fund the remaining \$4.35 million for construction via a \$1.75 million required District outlay and \$2.6 million in Cruise Facility Improvement Fund during the FY 2024 Budget process; and

WHEREAS, all District construction funding is expected to be returned to reserves through accumulated CFI FEE by October 2024; and

WHEREAS, staff proposes that the Project be implemented through the District's Capital Improvement Program (CIP) and this will require an amendment to the FY 2019-2023 CIP and FY 2023 CIP budget, adding this project and budget in the amount of \$5 million; and

WHEREAS, the project will also necessitate capital labor in the amount of \$300,000; and

WHEREAS, \$650,000 has already been budgeted for design and geotechnical investigation in the FY 2023 budget.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, that a FY 2023 budget transfer, in accordance with BPC Policy 90, transferring \$650,000 from the Equipment Outlay and Other Capital Projects appropriation to the Capital Improvement Program appropriation for design costs and geotechnical study for the B Street Cruise Terminal Interior Improvements Project, is hereby approved.

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 9th day of August 2022, by the following vote: