

DRAFT**RESOLUTION 20xx-xxx****RESOLUTION AUTHORIZING A 10-YEAR
MUNICIPAL SERVICES AGREEMENT WITH THE
CITY OF CHULA VISTA FOR POLICE, FIRE, AND
EMERGENCY MEDICAL SERVICES ON NON-AD
VALOREM DISTRICT PROPERTY LOCATED IN
THE CITY OF CHULA VISTA**

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, Section 21 of the Port Act authorizes the Board of Port Commissioners (Board) to pass all necessary ordinances and resolutions for the regulation of the District; and

WHEREAS, the District reimburses its five Member Cities for certain services provided on non-taxpaying Tidelands; and

WHEREAS, these agreements are referred to as Municipal Services Agreements (MSAs); and

WHEREAS, the District entered into an MSA with the City of Chula Vista for the provision of police, fire, and emergency medical services; and

WHEREAS, the current MSA is scheduled to expire on June 30, 2021; and

WHEREAS, to continue to provide these valuable services to the District and as a replacement to the existing MSA, staff has negotiated a new proposed MSA which for FY 20/21 continues at the currently budgeted "Baseline Rate" of \$1,103,646 and which escalates to \$1,136,755 in FY 21/22; and

WHEREAS, this rate reflects the approximate cost to continue to provide the existing level of services at this time; however, with the anticipated development of the Chula Vista Bayfront, it is likely that the demand for services will increase in the future; and

WHEREAS, to align with the proposed development schedule of the Chula Vista Bayfront, Baseline Rate resets would occur in 2022 and 2025 to review service levels and the Baseline Rate in effect at such times; and

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WHEREAS, as with the existing MSA, the proposed MSA includes a provision for annual adjustments to the Baseline Rate; and

WHEREAS, based on conversations with the City, the previous method does not adequately compensate the City for its costs to provide these services; and

WHEREAS, as a result, staff negotiated a fixed, three percent (3%) annual increase to the Baseline Rate subject to the aforementioned Baseline Rate reset dates; and

WHEREAS, the Board, in its sole and absolute discretion, may approve an increase or decrease or no change to the Baseline Rate in 2022 and 2025 as part of the review of the Baseline Rate and service levels in such years;

WHEREAS, the proposed MSA also allows the District the ability to defer up an amount equal to five (5) service years' worth of the annual three percent (3%) payment increases; and

WHEREAS, to ensure the stability of revenues during the early years of the bond financing for the Chula Vista Bayfront, prior to July 1, 2023 the proposed MSA can only be terminated upon mutual agreement of the parties, except in the event that (i) the Board fails to approve a Baseline Rate in connection with the Baseline Rate review in 2022, in which case either party may terminate by providing six (6) months' prior written notice, or (ii) the Board approves a Baseline Rate in connection with the Baseline Rate review in 2022 that is unacceptable to the City, in which case the City may terminate by providing six (6) months' prior written notice within sixty (60) days of the Board's approval; and

WHEREAS, from and after July 1, 2023, either party may terminate the proposed MSA upon six (6) months' prior written notice; and

WHEREAS, the proposed MSA includes provisions that permits the District to perform an audit and service study of the City's records and performance associated with providing the services under the MSA, with the objective of establishing reasonable metrics to measure the costs of such services; and

WHEREAS, staff and the City have worked closely together to negotiate an MSA to provide more certainty for both the District and the City as well as more accurately reflect the cost of providing services on tidelands; and

WHEREAS, upon the effectiveness of the proposed MSA, the existing MSA will automatically terminate, provided that each of the City and the District shall remain liable for obligations arising prior to the effectiveness of the

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proposed MSA and other specific obligations in the existing MSA that survive termination; and

WHEREAS, staff recommends the Board approve the proposed MSA with the City.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District that the Executive Director, or her designee, is hereby authorized on behalf of the San Diego Unified Port District to enter into a 10-Year Municipal Services Agreement with the City of Chula Vista for police, fire, and emergency medical services on non-ad valorem District property located in the City of Chula Vista.

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 28th day of December 2020, by the following vote: