

**AGREEMENT BETWEEN
SAN DIEGO UNIFIED PORT DISTRICT
and
CITY OF CORONADO**

**for
POLICE, FIRE AND EMERGENCY MEDICAL SERVICES
AGREEMENT NO. 87-2012**

The parties to this Agreement are the SAN DIEGO UNIFIED PORT DISTRICT, a public corporation, herein called "District" and the CITY OF CORONADO; a municipal corporation, herein called "City."

RECITALS:

WHEREAS, the San Diego Unified Port District Act allows the District to contract with the Municipalities whose territorial limits are adjacent to or contiguous to those of the District for police, fire and other services, and;

WHEREAS, the District and the City desire to execute an Agreement for police, fire and emergency medical services on non-ad valorem tideland trust property located in the City ("Agreement"), and;

WHEREAS, the City has the capacity to provide police, fire and emergency medical services to said District property;

NOW, THEREFORE, it is mutually understood and agreed by and between the parties as follows:

1. SCOPE OF SERVICES

- A. This Agreement covers reimbursement of the cost of police, fire and emergency medical (EMS) services to be provided by the City upon the District's tidelands and property within the City's limits, which do not generate ad valorem tax revenues. Those properties include, but are not limited to, non-dedicated streets, parks and other open space, unleased

developed properties, leased properties wherein the lessee is not subject to ad valorem taxes (with the exception of properties leased to the City), and unleased vacant land. Nothing herein contained shall give the City the right to use or occupy any District real or personal property, or to otherwise use the services of the District or its employees.

City shall provide police, fire and emergency medical services as contained in the Statement of Services established as the baseline service level, attached hereto as Attachment A and incorporated by reference as though fully set forth herein.

- B. Services under this Agreement shall be in furtherance of the San Diego Bay tideland trust for the accommodation of commerce, navigation, fisheries, and recreation on said trust tidelands for the benefit of all of the people of the State of California.
- C. District may reduce level of service or adjust compensation based on unanticipated events, including but not limited to:
 - Unanticipated events/needs that would require District expense budget cuts.
 - Significant bad debt, significant pension cost increases, pollution remediation, significant loss or settlement payment from litigation.
 - Major Maintenance project necessary for preservation of existing revenue stream or prior capital investment.
 - Unforeseen need to comply with current regulatory requirement or legal mandate.
 - District's need to replenish operating reserves when reserves go below the current policy.
- D. Service levels may be adjusted in the event of exogenous shocks as a result of acts of nature and/or catastrophic events (e.g., storms, wildfires, and/or 9/11 type incidents).

- E. District and City shall have the option to re-evaluate service needs every three (3) years, as needed (i.e., substantial changes in service needs from increased activity resulting in negative impact to public safety or mutually determined unsatisfactory service conditions on tidelands, or a significant change in the non-taxpaying tidelands). If the need for re-evaluation is mutually determined by District and City, discussions may start on the third contract year and any decisions made may apply to the fourth contract year.
 - F. Should service levels require adjustment, City shall provide to District a detailed summary of changes to service levels. Upon approval by District, the service level adjustment shall be incorporated as an amendment to the Agreement.
2. **TERM OF AGREEMENT:** This Agreement covers services rendered from July 1, 2012 through June 30, 2021, subject to earlier termination as provided herein.
3. **COMPENSATION:**
- A. In consideration of the foregoing performances by the City, District shall pay City an amount not to exceed the baseline rate **\$984,501.00** for Fiscal Year 12/13 for services contained in the Statement of Services, referenced as Attachment A. Compensation for Fiscal Year 13/14 through Fiscal Year 20/21 shall be calculated on an annual escalation based on San Diego County Consumer Price Index (CPI), except for years when the District's actual percentage increase in operating revenue¹ is less than the CPI. CPI will be based on the index change from the prior calendar year.
 - B. If the District's operating revenue growth is less than the CPI, the compensation shall be adjusted based on the District's financial

¹ The operating revenues used in this formula include certain exclusions, such as pass through revenues, restricted revenues, significant one-time revenue increases or decreases, and any significant unforeseen substantial expenses greater than \$500,000 in the aggregate (e.g., loss or settlement payment from litigation, any unforeseen equipment breakdown like HVAC).

performance and service level shall be reduced accordingly in collaboration with City. District shall provide the City the prior fiscal year's revenue growth no later than December 31 of the following fiscal year.

Example: FY13/14 revenue growth will be calculated after the fiscal year has ended on June 30, 2014 and the financial reports are completed. No later than December 2014, the District will provide the compensation adjustment to the City to coincide with the preparation of the City's FY 15/16 budget. The adjustment will be effective for the FY15/16 compensation.

- C. Yearly escalation based on CPI shall not exceed 4%.

Example:

CPI 2012= 4.5%

District's Revenue Growth FY 13/14= 5%

Escalation will be capped at 4%.

- D. If the District's operating revenue growth is negative, adjustment may not be lower than -4%.

Example:

CPI 2012= 3%

District's Revenue Growth FY 13/14 = -6%

Adjustment will be -4%

- E. City shall submit written requests for reimbursement to District for equal quarterly payments under this Agreement. Written requests shall be submitted on a quarterly basis, at the end of each fiscal quarter. District agrees to make reimbursement payments to the City within thirty (30) days of receipt of a properly prepared request for reimbursement.

4. **RECORDS:** In accordance with generally accepted accounting principles, City shall maintain full and complete documentation of the cost of services performed

under this Agreement. Such documentation, if reasonably available and prepared and maintained in the regular course of business, may include time cards, contracts, receipts, original invoices, canceled checks, payroll documentation, calls for service records, dispatch records, police and fire budget data, other budget data used to calculate citywide overhead factors, and periodic logs maintained by police and fire staff. Such records shall be open to inspection of District at all reasonable times in the City of Coronado and such records shall be maintained in accordance with applicable laws and policies of the State of California and City of Coronado related to records retention. Generally, all records set forth herein shall be maintained for at least three (3) years from the date of termination of this Agreement.

If City is notified by District of a dispute, claim, litigation, or appeal arising from this Agreement, City shall maintain applicable and material records for a period of three (3) years after notification of the dispute, claim, litigation, or appeal, or until the dispute, appeal, litigation or claim has been finally resolved or adjudicated, whichever is later.

City understands and agrees that District, at all times under this Agreement, has the right to audit financial or other records, which City has prepared or which relate to the work which City is performing for District pursuant to this Agreement regardless of whether such records have previously been provided to District. City shall provide District at City's expense a copy of all such records within ten (10) working days of a written request by District, unless the requested records are voluminous in nature. In that case, City may extend the time to respond to a request for records, as provided by the California Public Records Act, set forth in the California Government Code, and incorporated herein as controlling authority related to records disclosure. District's right to records shall also include inspection at reasonable times at the City's office or facilities, which are engaged in the performance of services pursuant to this Agreement. City shall, at no cost to District furnish reasonable facilities and assistance for such review and audit.

5. **COMPLIANCE:** In performance of this Agreement, City shall comply with the California Fair Employment and Housing Act, the American with Disabilities Act, and all other applicable federal, state, and local laws prohibiting discrimination, including without limitation, laws prohibiting discrimination because of age, ancestry, color, creed, denial of family and medical care leave, disability, marital status, medical condition, national origin, race, religion, sex, or sexual orientation. City shall comply with the prevailing wage provisions of the Labor Code, and the Political Reform Act provisions of the Government Code, as applicable. City shall comply with all applicable federal, state and local law, as well as any applicable District codes and policies in effect now.

6. **INDEPENDENT ANALYSIS:** City shall provide the services required by this Agreement, independent of the control and direction of District, other than normal contract monitoring provided, however, City shall possess no authority with respect to any District decision beyond rendition of such information, advice, or recommendations.

7. **ASSIGNMENT:** City shall not assign this Agreement or any right or interest hereunder without express prior written consent of District, nor shall District assign this Agreement or any right or interest hereunder without express prior written consent of City.

8. **MUTUAL INDEMNIFICATION**
 - A. City agrees to defend, indemnify and hold the District harmless against and from any and all damages to property or injuries to or death of any person or persons, including employees or agents of the District, and shall defend, indemnify and hold harmless the District, its officers, agents and employees, from any and all claims, demands, suits, actions or proceedings of any kind or nature, of or by anyone whomsoever, in any way resulting from or arising out of the negligent or intentional acts, errors

or omissions of the City or any of its officers, agents or employees, unless otherwise agreed to in writing by City and District.

- B. District agrees to defend, indemnify and hold the City harmless against and from any and all damages to property or injuries to or death of any person or persons, including employees or agents of the City, and shall defend, indemnify and hold harmless the City, its officers, agents and employees, from any and all claims, demands, suits, actions or proceedings of any kind or nature, of or by anyone whomsoever, in any way resulting from or arising out of the negligent or intentional acts, errors, or omissions of the District or any of its officers, agents or employees, unless otherwise agreed to in writing by District and City.

9. INSURANCE REQUIREMENTS:

- A. City and District shall at all times during the term of this Agreement maintain, at its expense, the following minimum levels and types of insurance:

- (1) Commercial General Liability (including, without limitation, Contractual Liability, Personal Injury, Advertising Injury, and Products/Completed Operations) coverages, with coverage at least as broad as Insurance Services Office Commercial General Liability Coverage (occurrence Form CG 0001) with limits no less than one million dollars (\$1,000,000) per Occurrence and two million dollars (\$2,000,000) Aggregate for bodily injury, personal injury and property damage.
 - (a) The deductible or self-insured retention on this Commercial General Liability shall not exceed \$5,000 unless District has approved of a higher deductible or self-insured retention in writing.

- (b) The Commercial General Liability policy shall be endorsed to include the District; its agents, officers and employees as additional insureds in the form as required by the District. An exemplar endorsement is attached (Exhibit A, Certificate of Insurance, attached hereto and incorporated herein).
 - (c) The coverage provided to the District, as an additional insured, shall be primary and any insurance or self-insurance maintained by the District shall be excess of the Service Provider's insurance and shall not contribute to it.
 - (d) The Commercial General Liability policy shall be endorsed to include a waiver of transfer of rights of recovery against the District ("Waiver of Subrogation").
- (2) Commercial Automobile Liability (Owned, Scheduled, Non-Owned, or Hired Automobiles) written at least as broad as Insurance Services Office Form Number CA 0001 with limits of no less than one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
 - (3) Workers' Compensation, statutory limits, is required of the Service Provider and all sub-consultants (or be a qualified self-insured) under the applicable laws and in accordance with "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof. Employer's Liability, in an amount of not less than one million dollars (\$1,000,000) each accident, \$1,000,000 disease policy limit and \$1,000,000 disease each employee. This policy shall be endorsed to include a waiver of subrogation endorsement, where permitted by law.

- (4) Umbrella or Excess Liability insurance with limits no less than one million dollars (\$1,000,000) per occurrence and aggregate. This policy must provide excess insurance over the same terms and conditions required above for the General Liability, Automobile Liability and Employer's Liability policies.
- B. Certificates of insurance coverage for all the policies described above upon execution of this Agreement and upon renewal of any of these policies shall be provided by City and District to the other party. A Certificate of Insurance in a form acceptable to the District, an exemplar Certificate of Insurance is attached as Exhibit A and made a part hereof, evidencing the existence of the necessary insurance policies and endorsements required shall be kept on file with the District. Except in the event of cancellation for non-payment of premium, in which case notice shall be 10 days, all such policies must be endorsed so that the insurer(s) must notify the District in writing at least 30 days in advance of policy cancellation. City shall also provide notice to District prior to cancellation of, or any change in, the stated coverages of insurance.
- C. The Certificate of Insurance must delineate the name of the insurance company affording coverage and the policy number(s) specifically referenced to each type of insurance, either on the face of the certificate or on an attachment thereto. If an addendum setting forth multiple insurance companies or underwriters is attached to the certificate of insurance, the addendum shall indicate the insurance carrier or underwriter who is the lead carrier and the applicable policy number for the CGL coverage.
- D. Furnishing insurance specified herein by the District will in no way relieve or limit any responsibility or obligation imposed by the Agreement or otherwise on City. Each party reserves the right to obtain complete copies of any of the insurance policies required herein.

- 10. INDEPENDENT CONTRACTOR:** City and any agent or employee of City shall act in an independent capacity and not as officers or employees of District. The District assumes no responsibility for taxes, bonds, payments or other commitments, implied or explicit by or for the City. City shall not have authority to act as an agent on behalf of the District unless specifically authorized to do so in writing. City acknowledges that it is aware that because it is an independent contractor, District is making no deductions from its fee and is not contributing to any fund on its behalf. City disclaims the right to any fee or benefits except as expressly provided for in this Agreement.
- 11. ADVICE OF COUNSEL:** The parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and that the decision of whether or not to seek the advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each of the parties hereto. This Agreement shall not be construed in favor of or against either party by reason of the extent to which each party participated in the drafting of the Agreement. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California.
- 12. INDEPENDENT REVIEW:** Each party hereto declares and represents that in entering into this Agreement it has relied and is relying solely upon its own judgment, belief and knowledge of the nature, extent, effect and consequence relating thereto. Each party further declares and represents that this Agreement is being made without reliance upon any statement or representation not contained herein of any other party, or any representative, agent or attorney of any other party.
- 13. INTEGRATION AND MODIFICATION:** This Agreement contains the entire Agreement between the parties and supersedes all prior negotiations, discussion, obligations and rights of the parties in respect of each other regarding

the subject matter of this Agreement. There is no other written or oral understanding between the parties. No modifications, amendment or alteration of this Agreement shall be valid unless it is in writing and signed by the parties hereto.

- 14. TERMINATION:** In addition to any other rights and remedies allowed by law, either party may terminate this Agreement at the end of a service year with or without cause by giving at least six (6) months written notice prior to the start of the next year of service to the other parties of such termination and specifying the effective date thereof.

In that event, all finished or unfinished documents and other materials, in possession of City that are the property of District, at the option of District, shall be delivered by City to the Don L. Nay Port Administration Building (located at 3165 Pacific Highway, San Diego, California 92101). Termination of this Agreement by Executive Director (President/CEO) as provided in this paragraph shall release District from any further fee hereunder by City other than the fees earned for services which were performed prior to termination but not yet paid. Said fee shall be calculated and based on the schedule as provided in this Agreement.

- 15. DISPUTE RESOLUTION:** If a dispute arises out of or relates to this Agreement, or the alleged breach thereof, and is not settled by direct negotiation or such other procedures as may be agreed, and if such dispute is not otherwise time barred, the parties agree to first try in good faith to settle the dispute amicably by mediation administered at San Diego, California, by the American Arbitration Association, or by such other provider as the parties may mutually select, prior to initiating any litigation or arbitration. Notice of any such dispute must be filed in writing with the other party within a reasonable time after the dispute has arisen. Any resultant Agreements shall be documented and may be used as the basis for an amendment or directive as appropriate.

If mediation is unsuccessful in settling all disputes that are not otherwise time barred, and if both parties agree, any still unresolved disputes may be resolved by arbitration administered at San Diego, California, by the American Arbitration Association, or by such other provider as the parties may mutually select, provided, however, that the Arbitration Award shall be non-binding and advisory only. Any resultant Agreements shall be documented and may be used as the basis for an amendment or directive as appropriate. On demand of the arbitrator or any party to this Agreement, all parties bound by this arbitration provision agree to join in and become parties to the arbitration proceeding.

16. **PAYMENT BY DISTRICT:** Payment by the District pursuant to this Agreement does not represent that the District has made a detailed examination, audit, or arithmetic verification of the documentation submitted for payment by the City, made an exhaustive inspection to check the quality or quantity of the services performed by the City, made an examination to ascertain how or for what purpose the City has used money previously paid on account by the District, or constitute a waiver of claims against the City by the District.
17. **CAPTIONS:** The captions by which the paragraphs of this Agreement are identified are for convenience only and shall have no effect upon its interpretation.
18. **SIGNATURE:** It is an express condition of this Agreement that said Agreement shall not be complete nor effective until signed by the Executive Director (President/CEO) or Authorized Designee on behalf of the District and by the City Mayor or Authorized Designee of the City.
 - A. City shall submit all correspondence regarding this Agreement to the following District representative:

Executive Vice President, Administration
Executive Offices


San Diego Unified Port District
P.O. Box 120488
San Diego, CA 92112-0488

- B. District shall submit all correspondence regarding this Agreement to the following City representative:

Blair King, City Manager
City of Coronado
1825 Strand Way
Coronado, CA 92118
Tel. (619) 522-7335

- C. Written notification to the other party shall be provided, in advance, of changes in the name or address of the designated representative.

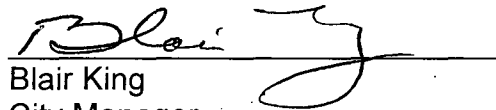
SAN DIEGO UNIFIED PORT DISTRICT


Wayne Darbeau
President/CEO

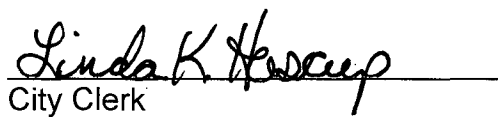
PORT ATTORNEY


DEPUTY PORT ATTORNEY

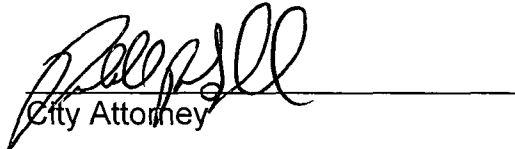
CITY OF CORONADO


Blair King
City Manager

Attest:


City Clerk

Approved as to Form:


City Attorney

ATTACHMENT A

STATEMENT OF SERVICES

CITY OF CORONADO

City of Coronado
Police and Fire Services Provided to Tidelands Area, Non-Tax Property

DESCRIPTION	Reference / Formula		FY 2012/13
POLICE SERVICES			
Reactive Patrol Hours & Costs			
Calls for Service (avg. last 3 years)	See Footnote 1.		
Calls for Service Hours	See Footnote 2.	A	
Hourly Rate for Police Officer	See Footnote 3.	B	
Total Reactive Patrol Costs	Total hours x hourly rate	A x B	\$121,991
Support Staff Hours & Costs			
Ratio of Support Staff to Patrol	See Footnote 4.		
Total Support Staff hours	See Footnote 5.	C	
Hourly Rate for Support Staff	See Footnote 6.	D	
Total Support Staff Costs	Total hours x hourly rate	C x D	\$539,074
Total Police Reactive Patrol Costs (1)			\$661,065
Designated Patrol Costs			
Park patrol 20 min per shift, 365 days per year, 365 total hours.			
Hourly Rate for Police Officer			
Total Designated Patrol Costs	Total hours x hourly rate		\$63,912
Support Staff Hours & Costs*			
Ratio of Support Staff to Patrol			
Total Support Staff hours	See Footnote 7.		
Hourly Rate for Support Staff			
Total Support Staff Costs	Total hours x hourly rate		\$63,753
Total Police Designated Patrol Costs (2)			\$127,665
FIRE SERVICES			
Allocated total Fire/EMS portion to non-taxpaying land by %.			
Total Fire and EMS Protection (3)	See Footnote 8.		\$186,353
Total Lifeguard (4)	See Footnote 9.		\$9,419
Reactive Patrol Costs (1)			\$661,065
Designated Patrol Costs (2)			\$127,665
Fire Protection/EMS costs (3)			\$186,353
Lifeguard Costs (4)			\$9,419
GRAND TOTAL			\$984,501

FOOTNOTES ON NEXT PAGE!

FOOTNOTES:

- 1) Based on actual CFS in *non-ad-valorem* "tidelands" properties within Port District jurisdiction. See attached map.
- 2) The CFS minutes include "actual" time from first unit dispatched to departure of last unit cleared from scene PLUS additional minutes were added to account for the "close out" of the CFS. If an arrest was made and crime report was filed, the CFS was increased by 60 additional minutes. If no arrest was made but a crime report was filed, the CFS was increased by an additional 30 minutes. This additional time was added to ONLY 347 CFS, which equals 5.3% of the TOTAL CFS for the 3-year period (6,590). Total minutes is divided by 60.
- 3) Figure represents *updated* composite fully-loaded hourly rate of Police Officer classifications per 2009 City-Wide User Fee Study.
- 4) Based on FY 2011/12 authorized positions: Staff Support (20.75) divided by Sworn (44.00) equals 0.47.
- 5) Based on total available hours for non-sworn classifications (33,041) multiplied by average percentage of CFS within Port District properties during past three years (0.132). The result is 6.26 hrs of staff support for every one (1) hour of reactive patrol time. Available hours based on 2009 City-Wide User Fee Study.
- 6) Figure represents composite fully-loaded hourly rate of non-sworn classifications per 2009 City-Wide User Fee Study.
- 7) Based on total available hours for non-sworn classifications (33,041) multiplied by 365 patrol hours divided by total available hours for Police Officer-Patrol (23,381). The result is 1.4 hrs of staff support for every one (1) hour of designated patrol time. Available hours based on 2009 City-Wide User Fee Study.
- 8) Figure based on current formula in effect. This includes salaries and operating costs prorated based on 15 of 27 firefighters assigned plus 15% overhead multiplied by 4.75%.
- 9) Figure based on current formula in effect. This includes salaries and operating costs prorated based on 2 of 10 lifeguards assigned plus 15% overhead multiplied by 4.75%.

END OF PAGE

CITY OF CORONADO

FULLY-LOADED HOURLY RATES (rounded up by 1 digit)

Source: 2009 User Fee Study

See Note 1.

	FY 2011/12 Authorized Positions	Original Fully-Loaded Hourly Rate	NEW Fully-Loaded Hourly Rate
POLICE SERVICES			
Administrative Secretary	1.00	\$100	\$100
Animal Services Officer	1.00	\$90	\$100
Community Relations Coordinator	1.00	\$120	\$130
Dispatcher / Disp. Records Assistant	8.00	\$110	\$120
Evidence & Property Technician	1.00	\$110	\$120
Management Assistant	1.00	\$120	\$130
Office Specialist	3.75	\$70	\$80
Support Services Supervisor	1.00	\$160	\$180
Police Services Officer	3.00	\$90	\$100
Support Staff - Composite	20.75	\$110	\$120
Director of Police Services	1.00	\$360	\$370
Police Commander	3.00	\$310	\$320
Police Officer - Detective	7.00	\$170	\$170
Police Officer - Patrol	16.00	\$140	\$150
Police Officer - Senior / FTO	5.00	\$180	\$170
Police Officer - Traffic	4.00	\$160	\$160
Police Sergeant	8.00	\$230	\$220
Police Officer - Composite	44.00	\$170	\$170
Total Authorized Positions	64.75		
Ratio of Support Staff to Sworn	0.47		

NOTES:

1) As with 2009 UF Study, base salary and benefits based on "billable" hours per position.

Police Department Updated Hourly Rates Based on "Billable" Hours per Classification

				See Note 1.	See Note 2.	See Note 3.		Overhead Rates				
				Base Hourly								
				Salary								
		Sworn/Non-		(per billable		Benefits		S&B		O/H		TOTAL
Class #	Title	Sworn	Authorized	hours)	(ALL)	Subtotal	Dept.	City	Subtotal	RATE	ROUNDUP	
S135	Admin Secretary	Non-Sworn	1.00	\$37.94	\$25.04	\$62.98	\$27.68	\$8.19	\$35.87	\$98.85	\$100.00	
P150	Animal Services Officer	Non-Sworn	1.00	\$33.64	\$22.56	\$56.21	\$29.58	\$7.53	\$37.11	\$93.32	\$100.00	
P505	Evidence & Property Technician	Non-Sworn	1.00	\$43.90	\$27.39	\$71.29	\$33.36	\$9.88	\$43.24	\$114.53	\$120.00	
S120	Management Assistant	Non-Sworn	1.00	\$51.13	\$31.46	\$82.59	\$36.18	\$10.71	\$46.89	\$129.48	\$130.00	
S780	Office Specialist	Non-Sworn	3.75	\$30.33	\$21.35	\$51.68	\$19.96	\$5.92	\$25.88	\$77.56	\$80.00	
S845	Pol Support Services Supervisor	Non-Sworn	1.00	\$68.44	\$40.67	\$109.11	\$48.48	\$14.36	\$62.84	\$171.95	\$180.00	
S805	Pol Comm Relations Coordinator	Non-Sworn	1.00	\$48.94	\$31.22	\$80.16	\$34.87	\$10.33	\$45.20	\$125.36	\$130.00	
P810	Police Dispatch/ Records Asst	Non-Sworn	7.00	\$43.41	\$27.27	\$70.67	\$30.62	\$9.07	\$39.69	\$110.36	\$120.00	
P815	Police Dispatcher	Non-Sworn	1.00	\$43.41	\$27.27	\$70.67	\$30.62	\$9.07	\$39.69	\$110.36	\$120.00	
P840	Police Services Officer II	Sworn	3.00	\$33.37	\$24.28	\$57.65	\$26.35	\$7.81	\$34.16	\$91.81	\$100.00	
			20.75									
E460	Director	Sworn	1.00	\$147.16	\$82.52	\$229.68	\$108.14	\$32.03	\$140.17	\$369.85	\$370.00	
S801	Police Commander	Sworn	3.00	\$125.51	\$72.62	\$198.12	\$93.07	\$27.57	\$120.64	\$318.76	\$320.00	
P825	Police Officer (See Note 4.)	Sworn	16.00	\$56.92	\$36.33	\$93.25	\$42.21	\$12.50	\$54.71	\$147.96	\$150.00	
	Police Officer - Detective	Sworn	7.00	\$59.07	\$37.70	\$96.77	\$49.00	\$14.51	\$63.51	\$160.28	\$170.00	
	Police Officer - Traffic	Sworn	4.00	\$56.92	\$36.33	\$93.25	\$46.49	\$13.77	\$60.26	\$153.51	\$160.00	
P826	Senior Police Officer	Sworn	5.00	\$59.76	\$38.59	\$98.35	\$52.92	\$15.68	\$68.60	\$166.95	\$170.00	
P830	Police Sergeant	Sworn	8.00	\$80.04	\$48.68	\$128.72	\$67.93	\$20.12	\$88.05	\$216.77	\$220.00	
			44.00									
TOTAL				64.75								

NOTES:

1. Based on FY 2011-12 Salary Resolution (Amended 10/4/2011). Salaries for each classification at Step F or Step G.
2. Base salary and benefits based on "billable" hours per classification (in accordance with 2009 UF Study).
3. Department O/H rate includes prorated costs for: contracted services, miscellaneous services & supplies, volunteer police reserves and property.
City-wide O/H rate includes prorated costs for: fleet maintenance, central administrative support and support from other departments (ex: public services, engineering and fire services).
4. No distinction is made within City Salary Resolution between PO-Patrol, PO-Detective and/or PO-Traffic. Differing overhead rates based on 2009 UF Study.

END OF PAGE

Police Services Department

POSITION	Total Available Hours per Classification
-----------------	---

Administrative Secretary	1,586
Animal Services Officer	1,632
Community Relations Coord.	1,377
Dispatcher / Disp. Records Assist.	12,870
Evidence & Property Technician	1,625
Management Assistant	1,474
Office Specialist - Admin Services	1,243
Office Specialist - Support Services	4,962
Support Services Supervisor	1,259
Police Svcs. Off. - Animal Control	827
Police Services Officer - Parking	4,185

TOTAL **33,041**

Director of Police Services	1,136
Police Commander	3,548
Police Officer - Detectives	12,047
Police Officer - Patrol	23,381
Police Officer - Senior / FTO	7,133
Police Officer - Traffic	6,235
Police Sergeant - Detective	1,205
Police Sergeant - Patrol	6,952
Police Sergeant - Personnel	1,256
Police Sergeant - Traffic	1,215

TOTAL **64,107**

NOTE: Omitted is Kennel Assistant. 2,720
since this is a non-budgeted position.

END OF PAGE

CITY OF CORONADO

Calls for Service (CFS) and Time per CFS within Non-Ad Valorem "Tideland Properties" within Port District
(Revised, 7/3/2012)

LOCATION	2009		2010		2011		Total		Average		
	Calls	Minutes	Calls	Minutes	Calls	Minutes	Calls	Minutes	Calls	Minutes	
CENTENIAL PARK	4	73	4	51	4	54	12	178	1	20	Reflects 33%
VERNETTI STADIUM AT BRADLEY FIELD	24	760	28	459	23	512	75	1,731	25	577	
FERRY LANDING	281	9,041	243	29,984	315	8,648	839	47,673	140	7,946	Reflects 50%
PUBLIC WORKS YARD / ANNEX	30	704	24	794	23	525	77	2,023	8	223	Reflects 33%
VISTA DEL BARCO MINI PARK (aka KROHN)	0	0	1	14	0	0	1	14	0	5	
YACHT CLUB PROMENADE	20	411	22	822	14	473	56	1,706	19	569	
TIDELANDS PARK	893	13,044	1,040	20,466	1,156	19,653	3,089	53,163	1,030	17,721	
GRAND CARIBE SHORELINE PARK	104	1,220	93	1,003	34	329	231	2,552	77	851	
BAY VIEW PARK (aka SHORELINE)	586	5,689	445	5,813	446	4,873	1,477	16,375	492	5,458	
GOLF COURSE MAINTENANCE SHED	76	508	105	913	85	606	266	2,027	89	676	
EMORY COVE	18	318	20	331	17	15,478	55	16,127	18	5,376	
HARBORVIEW PARK BY SDG&E	99	1,666	70	645	68	746	237	3,057	79	1,019	
CAYS YACHT CLUB	33	1,159	67	1,190	75	1,741	175	4,090	58	1,363	
TOTAL	2,168	34,593	2,162	62,485	2,260	53,638	6,590	150,716	2,037	41,802	
									CFS HOURS:	697	

TOTAL CFS W/ PORT DISTRICT LANDS 2,168 2,162 2,260 6,590 2,037

TOTAL CFS WITHIN CITY LIMITS 15,709 15,768 14,861 46,338 15,446

PORT DISTRICT CFS AS PERCENT OF TOTAL CFS 13.8% 13.7% 15.2% 14.2% 13.2%

NOTE:

The CFS minutes include "actual" time from first unit dispatched to departure of last unit cleared from scene PLUS additional minutes were added to account for the "close out" of the CFS. If an arrest was made and crime report was filed, the CFS was increased by 60 additional minutes. If no arrest was made but a crime report was filed, the CFS was increased by an additional 30 minutes. This additional time was added to ONLY 347 CFS, which equals 5.3% of the total CFS for the 3-year period (6,590).

***END OF PAGE

EXHIBIT A
CERTIFICATE OF INSURANCE
San Diego Unified Port District

By signing this form, the authorized agent or broker **certifies** the following:

- (1) The Policy or Policies described below have been issued by the noted Insurer(s) [Insurance Company(ies)] to the Insured and is (are) in force at this time.
- (2) As required in the Insured's Agreement(s) with the District, the policies include, or have been endorsed to include, the coverages or conditions of coverage noted on page 2 of this certificate.
- (3) Signed copies of **all** endorsements issued to effect require coverages or conditions of coverage are attached to this certificate.

Return this form to: San Diego Unified Port District
c/o Ebix BPO
P.O. Box 12010-03
Hemet, CA 92546 – OR-
E-mail: sdupd@prod.certificatesnow.com –OR-
Fax: 1-866-866-6516

Name and Address of Insured (Contractor or Vendor)			SDUPD Agreement Number _____ This certificate applies to all operations of named insureds property in connection with all Agreements between the District and Insured.	
CO LTR	TYPE OF INSURANCE	POLICY NO.	DATES	LIMITS
	<u>Commercial General Liability</u> <input type="checkbox"/> Occurrence Form <input type="checkbox"/> Claims-made Form Retro Date _____ <input type="checkbox"/> Liquor Liability Deductible/SIR: \$ _____		Commencement Date: Expiration Date:	Each Occurrence: \$ _____ General Aggregate: \$ _____
	Commercial Automobile Liability <input type="checkbox"/> All Autos <input type="checkbox"/> Owned Autos <input type="checkbox"/> Non-Owned & Hired Autos		Commencement Date: Expiration Date:	Each Occurrence: \$ _____
	Workers Compensation – Statutory Employer's Liability		Commencement Date: Expiration Date:	E.L. Each Accident \$ _____ E.L. Disease Each Employee \$ _____ E.L. Disease Policy Limit \$ _____
	Professional Liability <input type="checkbox"/> Claims Made Retro-Active Date _____		Commencement Date: Expiration Date:	Each Claim \$ _____
	Excess/Umbrella Liability		Commencement Date: Expiration Date:	Each Occurrence: \$ _____ General Aggregate: \$ _____
CO LTR	COMPANIES AFFORDING COVERAGE		BEST'S RATING	
A				
B				
C				
D				
A. M. Best Financial Ratings of Insurance Companies Affording Coverage Must be A- VII or Better unless Approved in Writing by the District.				
Name and Address of Authorized Agent(s) or Broker(s)			E-Mail Address:	
			Phone: _____ Fax Number: _____	
			Signature of Authorized Agent(s) or Broker(s)	
			Date: _____	

**SAN DIEGO UNIFIED PORT DISTRICT
REQUIRED INSURANCE ENDORSEMENT**

<u>ENDORSEMENT NO.</u>	<u>EFFECTIVE DATE</u>	<u>POLICY NO.</u>
NAMED INSURED:		
GENERAL DESCRIPTION OF AGREEMENT(S) AND/OR ACTIVITY(IES): All written Agreements, contracts and leases with the San Diego Unified Port District and/or any and all activities or work performed on district premises		

All written Agreements, contracts, and leases with the San Diego Unified Port District and/or any and all activities or work performed on District owned premises.

Notwithstanding any inconsistent statement in the policy to which this endorsement is attached or in any endorsement now or hereafter attached thereto, it is agreed as follows:

1. The San Diego Unified Port District, its officers, agents, and employees are additional insureds in relation to those operations, uses, occupations, acts, and activities described generally above, including activities of the named insured, its officers, agents, employees or invitees, or activities performed on behalf of the named insured.
2. Insurance under the policy(ies) listed on this endorsement is primary and no other insurance or self-insured retention carried by the San Diego Unified Port District will be called upon to contribute to a loss covered by insurance for the named insured.
3. This endorsement shall include a waiver of transfer of rights of recovery against the San Diego Unified Port District ("Waiver of Subrogation").
4. The policy(ies) listed on this endorsement will apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the insurer's liability.
5. As respects the policy(ies) listed on this endorsement, with the exception of cancellation due to nonpayment of premium, thirty (30) days written notice by certified mail, return receipt requested, will be given to the San Diego Unified Port District prior to the effective date of cancellation. In the event of cancellation due to nonpayment of premium, ten (10) days written notice shall be given.

Except as stated above, and not in conflict with this endorsement, nothing contained herein shall be held to waive, alter or extend any of the limits, Agreements or exclusions of the policy(ies) to which this endorsement applies.

(NAME OF INSURANCE COMPANY)

(SIGNATURE OF INSURANCE COMPANY AUTHORIZED REPRESENTATIVE)

MAIL THIS ENDORSEMENT AND NOTICES OF CANCELLATION TO:

San Diego Unified Port District
 c/o Ebix BPO
 P.O. Box 12010-03
 Hemet, CA 92546
 San Diego, CA 92168-1639 – OR –
 Email to: sdupd@prod.certificatesnow.com – OR –
 Fax: 1-866-866-6516

REFERENCE
COPY

59978

RESOLUTION 2012-184**RESOLUTION ESTABLISHING A FINANCIAL
MODEL TO BE USED TO PURCHASE MUNICIPAL
SERVICES FROM MEMBER CITIES FROM FY 12/13
TO FY 20/21 AND AUTHORIZING THE EXECUTIVE
DIRECTOR TO NEGOTIATE AND EXECUTE
AGREEMENTS BASED ON THE FINANCIAL MODEL**

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, since 1990 the District has reimbursed its member cities of San Diego, Coronado, National City, Chula Vista and Imperial Beach for costs for services on non-taxpaying Tidelands; and

WHEREAS, the process for determining the levels of service required was completed by a team from the District and each member city meeting over a period of many months to determine the levels of the services provided and the related costs, a process that was lengthy, costly and inefficient; and

WHEREAS, the current team worked with each of the member cities beginning in January 2012, concluding with an overall 17% increase in costs for services, a level of increase not sustainable over time; and

WHEREAS, as a result, staff is proposing an alternative approach that is a formula based on the Consumer Price Index (CPI) and the District's financial performance as a financial model that will provide a systematic and sustainable approach to the purchase of member city services; and

WHEREAS, the model will include:

- a new baseline of \$8.1 million based on the results of the FY 12/13 meet and confer process with the member cities,
- an annual escalation based on the San Diego County CPI except in years where the actual percentage increase in operating revenues is less than the CPI.
- CPI will be based on the prior calendar year index change.
- in the case where District operating revenue growth is less than the CPI then the Municipal Service Agreement (MSA) adjustment will be based upon the District's financial performance and the service levels will be reduced accordingly in collaboration with the member cities,

2012-184

- the annual escalation based upon CPI shall not exceed 4% (e.g., CPI is 4.5% and revenue growth is 5%, adjustment will be capped at 4%) and if revenue growth is negative, adjustment may not be lower than -4% (e.g., revenue growth is -5%, CPI at 3%, adjustment will be at -4%),
- advance notice to member cities (two years) of adjustments if adjustment is less than CPI,
- formula based on operating revenues with certain exclusions (pass through revenues, restricted revenues, significant one-time revenue increases or decreases, and any significant unforeseen substantial expenses greater than \$500,000 in the aggregate (e.g., loss or settlement payment from litigation, any unforeseen equipment breakdown such as HVAC),
- service level agreements adjusted in the event of exogenous shocks (e.g., Sandy-type storm, wildfires down to the Bay, and/or 9/11-type incident),
- nine-year agreement with option to re-evaluate every three years as needed (e.g., substantial changes in service needs from increased activity resulting in negative impact on public safety, or mutually determined unsatisfactory service conditions on Tidelands),
- in the event a need for re-evaluation is mutually determined, discussion may start on the third contract year and any decisions made may apply to the fourth contract year,
- The District and the member cities will make every effort to complete the MSAs no later than March 31, 2013; and

WHEREAS, Attachment A is attached to illustrate the operation of this financial model over time; and

WHEREAS, this new process should result in a less costly and more efficient method since it is linked to the District's actual financial performance and because it will be completed in advance of annual budgets the member cities and the District will be able to plan accordingly; and

WHEREAS, providing the Executive Director with delegated authority to enter into the MSAs will allow for a smooth transition year after year and puts in place a procedure for future administrations and will still subject MSAs to audit.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That the financial model set forth herein to be used to purchase municipal services from member cities is hereby approved for FY 12/13 to FY 20/21 and the Executive Director or his designated representative is hereby authorized to negotiate and execute agreements based on the financial model.

2012-184

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 11th day of December, 2012, by the following vote:

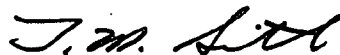
AYES: Burdick, Malcolm, Moore, Peters, Smith, Valderrama

NAYS: None.

EXCUSED: Nelson.

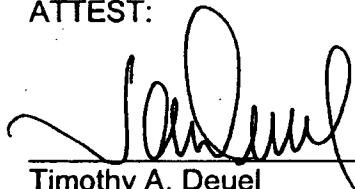
ABSENT: None.

ABSTAIN: None.



Louis M. Smith, Chairman
Board of Port Commissioners

ATTEST:



Timothy A. Deuel
District Clerk

(Seal)

AGENDA ITEM 23AB**SAN DIEGO UNIFIED PORT DISTRICT****REFERENCE
COPY
59978****DATE:** December 11, 2012**SUBJECT: MUNICIPAL SERVICE AGREEMENTS WITH MEMBER CITIES**

- A) RESOLUTION ESTABLISHING A FINANCIAL MODEL TO BE USED TO PURCHASE MUNICIPAL SERVICES FROM MEMBER CITIES FROM FY 12/13 TO FY 20/21 AND AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE AGREEMENTS BASED ON THE FINANCIAL MODEL**
- B) ORDINANCE AMENDING THE FY 12/13 BUDGET INCREASING THE ORDINARY ANNUAL EXPENSE BUDGET BY \$1.2M TO REIMBURSE MEMBER CITIES FOR COSTS FOR SERVICES ON NON-TAXPAYING TIDELANDS**

EXECUTIVE SUMMARY:

The District reimburses its five Member Cities for services provided on non-taxpaying Tidelands. The past process has been to request service levels and to meet and confer with each city until such time that an agreed upon reimbursement amount could be negotiated. This process has been time intensive and inefficient and resulted in escalating expenses that are difficult to plan for and are becoming unsustainable. Staff has developed a formula-based approach that provides annual adjustments based on the CPI and the District's financial performance. It also allows the District, in consultation with the Member Cities, to adjust the level of service based on the District's financial performance.

RECOMMENDATION:

- A) Adopt a Resolution establishing a financial model to be used to purchase municipal services from Member Cities from FY12/13 to FY20/21 and authorizing the Executive Director to negotiate and execute agreements based on the financial model.
- B) Adopt an Ordinance amending the FY12/13 budget increasing the Ordinary Annual Expense budget by \$1.2M to reimburse Member Cities for costs for services on non-taxpaying Tidelands.

FISCAL IMPACT:

The total cost for the FY12/13 services is \$8.1M, an increase of \$1.2M from the prior year. The recommended source of funding for the \$1.2M unbudgeted increase in FY12/13 is from excess reserves from settlement of the Traylor Brothers case. Funds required to pay services in future fiscal years will be budgeted for in the appropriate fiscal year and cost account.

ACTION TAKEN: 12-11-2012 - Resolution 2012-184 and Ordinance 2702
--

AGENDA ITEM 23AB**Page 2 of 4**

The FY 12/13 annual budget will be amended as follows:

	Current Budget	Amended Budget	Net Change
Ordinary Annual Expense	\$134,555,500	\$135,755,500	\$1,200,000
Capital Improvement	33,816,000	33,816,000	0
TMP Capital Projects	1,091,500	1,091,500	0
Capital Major Maintenance	7,336,400	7,336,400	0
Equipment Outlay	1,603,100	1,603,100	0
Debt Service – Principal	3,698,300	3,698,300	0
Total Requirements	<u>\$182,100,800</u>	<u>\$183,300,800</u>	<u>\$1,200,000</u>

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- ☒ A Port that is a safe place to visit, work and play.
- ☒ A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

Since 1990 the District has reimbursed Member Cities for costs for services on non-taxpaying Tidelands. The process for determining the levels of service was completed by a team from the District and each Member City meeting over a period of many months to determine the levels of the services and the related costs. This process was lengthy, costly and inefficient.

The current team worked with each of the Member Cities beginning in January 2012, concluding with an overall 17% increase in costs for services. This level of increase is unsustainable over time. Therefore, staff is proposing an alternative approach that is a formula based on CPI and the District's financial performance. This financial model will provide for a systematic and sustainable approach to the purchase of services. The model includes the following:

- A new baseline of \$8.1M based on the results of the FY12/13 meet and confer process.
- Annual escalation based on CPI (San Diego County CPI), except for years when the actual percentage increase in operating revenue is less than the CPI. CPI will be based on the prior calendar year index change.

AGENDA ITEM 23AB**Page 3 of 4**

- If Port operating revenue growth is less than the CPI, then the Municipal Service Agreement (MSA) adjustment will be based on Port financial performance, and the service levels will be reduced accordingly in collaboration with the member cities.
- Escalation based on CPI shall not exceed 4% (i.e., CPI is 4.5% and revenue growth is 5%, adjustment will be capped at 4%), and if revenue growth is negative, adjustment may not be lower than -4% (i.e., revenue growth is -5%, CPI at 3%, adjustment will be at -4%).
- Advance notice to member cities (2 years) of adjustments if adjustment less than CPI.
- Formula based on operating revenues with certain exclusions (pass through revenues, restricted revenues, significant one-time revenue increases or decreases, and any significant unforeseen substantial expenses greater than \$500K in the aggregate (e.g., loss or settlement payment from litigation, any unforeseen equipment breakdown like HVAC).
- Service level agreements adjusted in the event of exogenous shocks (e.g., Sandy-type of storm, wildfires down to the Bay, and/or 9/11 type incident).
- Nine-year agreement, with option to re-evaluate every 3 years as needed (i.e., substantial changes in service needs from increased activity resulting in negative impact on public safety, or mutually determined unsatisfactory service conditions on Tidelands).
- If the need for re-evaluation is mutually determined, discussion may start on the third contract year and any decisions made may apply to the fourth contract year.
- The Port and member cities will make every effort to complete MSAs no later than March 31, 2013.

For illustration purposes, a spreadsheet (Attachment A) is attached to show how this financial model would operate over time.

This new process should result in a less costly and more efficient method since it is linked to the District's actual financial performance. Also, since it will be completed in advance of annual budgets, the member cities, along with the District, will be able to

AGENDA ITEM 23AB**Page 4 of 4**

plan accordingly. Providing the Executive Director with delegated authority to enter into the municipal service agreements allows for a smooth transition year over year and puts in place a procedure for future administrations. The new municipal service agreements, like all District agreements, will be subject to audit.

Port Attorney's Comments:

The Port Attorney's office has reviewed the issues set forth in this agenda sheet and there are no legal issues as presented. The Board may analyze the issues presented and take appropriate action.

Environmental Review:

The proposed Board action is not subject to CEQA because it does not constitute a "project" under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 and is therefore not subject to CEQA.

Equal Opportunity Program:

Not applicable.

PREPARED BY: Jeffrey B. McEntee
CFO/Treasurer

Attachment(s):
Attachment A: Sample Spreadsheet

Port of San Diego
MSA Model - Adjusted yearly based on CPI, unless Revenue growth less than CPI

For Example Only

	FY 12/13 Budget	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Operating Revenues	\$ 134,864,700	\$ 137,355,000	\$ 139,734,000	\$ 133,293,000	\$ 135,638,000	\$ 139,650,000
Exclusions:						
ACH Parking Facility Funding	(215,000)	(215,000)	(215,000)	(215,000)	(215,000)	(215,000)
Cruise Ship Passenger Security Charges	(1,018,100)	(1,002,000)	(1,140,200)	(1,591,700)	(1,370,900)	(2,165,300)
Public Services Provided	(17,000,500)	(16,542,150)	(17,136,000)	(17,579,600)	(17,264,300)	(18,257,100)
Utilities Furnished	(126,300)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
Grant Revenue	(1,023,200)	(1,023,777)	(1,023,777)	(1,023,777)	(1,023,777)	(1,023,777)
Grants Revenue -Sub-Grantee	(689,700)	0	0	0	0	0
Significant one time revenue increase	0	0	0	0	0	0
* Significant unforeseen substantial expense > \$500k aggregate	0	0	0	0	0	0
Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Operating Revenue	\$ 113,782,900	\$ 118,145,269	\$ 120,043,131	\$ 112,857,893	\$ 114,431,142	\$ 117,863,730
Revenue Change Yr to Yr	2.8%	3.8%	1.6%	-6.0%	1.4%	3.0%
CPI Change Yr to Yr (Estimate)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
MSA Adjustment % (CPI unless Revenue Change is less than CPI)	2.8%	3.0%	1.6%	-4.0%	1.4%	3.0%
MSA Amount (baseline plus 3% increase compounding)	\$ 8,126,873	\$ 8,126,873	\$ 8,370,679	\$ 8,621,800	\$ 8,880,454	\$ 9,030,212
CPI Adjustment (estimate at 3% per yr)	\$ -	\$ 243,806	\$ 251,120	\$ 258,654	\$ 266,414	\$ 270,906
Adjustment (diff from 2 years prior)	\$ -	\$ -	\$ -	\$ -	\$ (116,655)	\$ (603,526)
Net Payment (Budget will be based on this but will true up later)	\$ 8,126,873	\$ 8,370,679	\$ 8,621,800	\$ 8,880,454	\$ 9,030,212	\$ 8,697,592
TRUE UP CALCULATION: (PERFORMED AROUND NOVEMBER AFTER YEAR-END)						
MSA roll forward	\$ -	\$ 8,126,873	\$ 8,370,679	\$ 8,621,800	\$ 8,880,454	\$ 9,030,212
MSA Adjustment (based CPI unless Revenue Change is less than CPI)	\$ -	\$ 243,806	\$ 134,465	\$ (344,872)	\$ 123,794	\$ 270,906
Adjustment (diff from 2 years prior)	\$ -	\$ -	\$ -	\$ (116,655)	\$ (116,655)	\$ (603,526)
MSA adjusted based on Actual Results	\$ 8,126,873	\$ 8,370,679	\$ 8,505,144	\$ 8,276,928	\$ 8,887,592	\$ 8,697,592
Adjustment:						
MSA adjusted based on Actual Results	\$ -	\$ 8,370,679	\$ 8,505,144	\$ 8,276,928	\$ 8,887,592	\$ 8,697,592
MSA Net Payment (baseline plus 3% increase each year)	\$ -	\$ 8,370,679	\$ 8,621,800	\$ 8,880,454	\$ 9,030,212	\$ 8,697,592
Current Year Adjustment - roll forward 2 years	\$ -	\$ -	\$ (116,655)	\$ (603,526)	\$ (142,619)	\$ -

Future year adjustments

(142,619) \$

- * Both Scenarios include the Port's ability to reduce the level of service or payment adjusted based on unanticipated events including but not limited to
- unanticipated events/needs that would require Port expense budget cuts
 - significant bad debt, significant pension cost increases, pollution remediation, significant loss or settlement payment from a litigation
 - New CIP projects or cost increase in an existing project from unforeseen problem during construction
 - Major Maintenance project necessary for preservation of existing revenue stream or prior capital investment
 - unforeseen need to comply with current regulatory requirement or legal mandate
 - need to replenish operating reserves when reserves go below the current policy

Acts of nature, catastrophic events - separate paragraph in contract

Attachment A to Agenda Sheet No. 23AB

DRAFT**Agenda Item No. 23A****RESOLUTION _____****RESOLUTION ESTABLISHING A FINANCIAL MODEL TO BE USED TO PURCHASE MUNICIPAL SERVICES FROM MEMBER CITIES FROM FY 12/13 TO FY 20/21 AND AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE AGREEMENTS BASED ON THE FINANCIAL MODEL**

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, since 1990 the District has reimbursed its member cities of San Diego, Coronado, National City, Chula Vista and Imperial Beach for costs for services on non-taxpaying Tidelands; and

WHEREAS, the process for determining the levels of service required was completed by a team from the District and each member city meeting over a period of many months to determine the levels of the services provided and the related costs, a process that was lengthy, costly and inefficient; and

WHEREAS, the current team worked with each of the member cities beginning in January 2012, concluding with an overall 17% increase in costs for services, a level of increase not sustainable over time; and

WHEREAS, as a result, staff is proposing an alternative approach that is a formula based on the Consumer Price Index (CPI) and the District's financial performance as a financial model that will provide a systematic and sustainable approach to the purchase of member city services; and

WHEREAS, the model will include:

- a new baseline of \$8.1 million based on the results of the FY 12/13 meet and confer process with the member cities,
- an annual escalation based on the San Diego County CPI except in years where the actual percentage increase in operating revenues is less than the CPI.
- CPI will be based on the prior calendar year index change.
- in the case where District operating revenue growth is less than the CPI then the Municipal Service Agreement (MSA) adjustment will be based upon the District's financial performance and the service levels will be reduced accordingly in collaboration with the member cities,
- the annual escalation based upon CPI shall not exceed 4% (e.g., CPI is 4.5% and revenue growth is 5%, adjustment will be capped at 4%)

and if revenue growth is negative, adjustment may not be lower than -4% (e.g., revenue growth is -5%, CPI at 3%, adjustment will be at -4%),

- advance notice to member cities (two years) of adjustments if adjustment is less than CPI,
- formula based on operating revenues with certain exclusions (pass through revenues, restricted revenues, significant one-time revenue increases or decreases, and any significant unforeseen substantial expenses greater than \$500,000 in the aggregate (e.g., loss or settlement payment from litigation, any unforeseen equipment breakdown such as HVAC),
- service level agreements adjusted in the event of exogenous shocks (e.g., Sandy-type storm, wildfires down to the Bay, and/or 9/11-type incident),
- nine-year agreement with option to re-evaluate every three years as needed (e.g., substantial changes in service needs from increased activity resulting in negative impact on public safety, or mutually determined unsatisfactory service conditions on Tidelands),
- in the event a need for re-evaluation is mutually determined, discussion may start on the third contract year and any decisions made may apply to the fourth contract year,
- The District and the member cities will make every effort to complete the MSAs no later than March 31, 2013; and

WHEREAS, Attachment A is attached to illustrate the operation of this financial model over time; and

WHEREAS, this new process should result in a less costly and more efficient method since it is linked to the District's actual financial performance and because it will be completed in advance of annual budgets the member cities and the District will be able to plan accordingly; and

WHEREAS, providing the Executive Director with delegated authority to enter into the MSAs will allow for a smooth transition year after year and puts in place a procedure for future administrations and will still subject MSAs to audit.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That the financial model set forth herein to be used to purchase municipal services from member cities is hereby approved for FY 12/13 to FY 20/21 and the Executive Director or his designated representative is hereby authorized to negotiate and execute agreements based on the financial model.

ADOPTED this _____ day of _____, 2012.

Agenda Item No. 23B

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE _____

**ORDINANCE AMENDING THE FY 12/13 BUDGET
INCREASING THE ORDINARY ANNUAL EXPENSE
BUDGET BY \$1.2 MILLION TO REIMBURSE MEMBER
CITIES FOR COSTS FOR SERVICES ON NON-
TAXPAYING TIDELANDS**

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, the District reimburses its five member cities, San Diego, Coronado, National City, Chula Vista and Imperial Beach, for services provided by them on non-taxpaying Tidelands; and

WHEREAS, the total cost for FY 12/13 services is \$8.1 million, an increase of \$1.2 million from the prior year which is unbudgeted; and

WHEREAS, the recommended source of funding for the \$1.2 million unbudgeted increase for FY 12/13 to pay for the member cities provided services on non-taxpaying Tidelands is from excess reserves from settlement of the *Traylor Brothers v. San Diego Unified Port District* case.

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

Section 1. That the FY 12/13 budget is hereby increased in the sum of \$1.2 million to fund Ordinary Annual Expenses in the form of costs for services on non-taxpaying Tidelands to member cities.

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

12/11/2012