

DRAFT**RESOLUTION 20xx-xxx**

ADOPT A RESOLUTION TO APPROVE AN ECONOMIC RECOVERY PROGRAM (ERP) FOR PROJECTS UTILIZING AMERICAN RESCUE PLAN ACT (ARPA) FUNDS RECEIVED FROM THE STATE OF CALIFORNIA'S CORONAVIRUS FISCAL RECOVERY FUND OF 2021 AND GRANT AUTHORITY TO THE EXECUTIVE DIRECTOR OF THE SAN DIEGO UNIFIED PORT DISTRICT TO SIGN ANY APPLICATION, FUNDING AGREEMENT AND ASSOCIATED DOCUMENTS TO RECEIVE ARPA FUNDS

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 State of California (State) has allocated \$250 million of its federal American Rescue Plan Act (ARPA) funds for California ports to mitigate the negative economic impacts resulting from the COVID-19 pandemic; and

WHEREAS, the State passed the Budget Act of 2021 (Act), which clarified the use of the ARPA Funds by ports and escalated the deadlines for ports to spend or obligate ARPA fund by six months in comparison to ARPA and the U.S. Treasury Guidelines (from December 31, 2024 to June 30, 2024); and

WHEREAS, the State will award ARPA funds to ports under the impacted industry category of the ARPA; and

WHEREAS, applications for ARPA funds are likely due to State Land Commission (SLC) in mid- to late October with awards granted to eligible ports anticipated in late October or early November 2021; and

WHEREAS, action by the Board of Port Commissioners (BPC) at the October 12, 2021 BPC meeting is vital for the District to submit a timely application to SLC, sign the funding agreement and execute on the funding agreement; and

WHEREAS, SLC issued its draft guidance and application materials (collectively, Draft SLC Guidance) to ports for comment the week of September 27, 2021; and

WHEREAS, the Draft SLC Guidance is in draft form and may be subject to change; and

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WHEREAS, based on the Draft SLC Guidance, SLC staff will look at a port's revenue impacts, and whether the port received funds from county or city's local fiscal recovery funds when recommending the amount of ARPA funds to be awarded to an individual port; and

WHEREAS, based on the Draft SLC Guidance, SLC staff will also perform a technical review of all application packages by considering how the port's proposed programs/projects support the port's and State's economic recovery, such as avoids layoffs, restores jobs/services, supports port operations, implement deferred maintenance or, capital outlay projects delayed by pandemic-related fiscal impacts, benefits historically marginalized/vulnerable communities and benefits the public; and

WHEREAS, based on the Draft SLC Guidance, once the SLC approves the funding request/application, ports must submit a signed/executed funding agreement by an authorized signator within 30 days and no funds will be disbursed until the SLC receives the same; and

WHEREAS, this funding agreement will include a "Monitoring Plan" that ensures that the funds are being used in compliance with applicable Federal and State regulations; and

WHEREAS, the Monitoring Plan shall also include requirements to provide data for an "Annual Recovery Plan Performance Report", submit quarterly project and expenditure reports, and perform a single-audit in accordance with the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F; and

WHEREAS, based on the funding calculation methodology in the Draft SLC Guidance, the San Diego Unified Port District (District) anticipates receiving approximately \$100 million in funds in two phases; and

WHEREAS, the first phase of funds will be calculated for losses and other costs incurred during Calendar Year 2020, and that phase is estimated at \$60 million for the District; and

WHEREAS, the second phase of funds will be to cover losses occurring during Calendar Year 2021, and staff expects that phase to provide an additional \$40 million to the District; and

WHEREAS, to apply for and then utilize the anticipated funding, the District needs to develop a program for use of the funds, and that program will be the basis for the District's application and the funding request; and

WHEREAS, staff recommends that the District meet that program requirement by establishing a dedicated Economic Recovery Program (ERP) that is designed to be consistent with State and Federal guidance, as well as the

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technical review factors listed in the Draft SLC Guidance; and

WHEREAS, establishing the ERP will also facilitate the post-award monitoring requirements, such as fund tracking, output measurement, auditing, and quarterly/ annual reporting; and

WHEREAS, the proposed ERP includes projects grouped into eight general categories totaling \$100 million in spending as follows:

Spending Category	Amount
Major Maintenance	\$35,511,500
Disadvantage Communities - Electrification Projects	\$23,765,000*
Disadvantage Communities – Legacy Projects	\$11,550,000
Environmental Projects	\$6,390,000
Technology Investments	\$6,000,000
Visitor Serving Projects	\$4,350,000
Personnel	\$2,900,000
Budget Stabilization Projects	\$12,000,000
Total	\$102,466,500

*This category includes a project that has received a \$2.5 million grant, which is not reflected in the ERP.

WHEREAS, the major maintenance category which estimates \$35.5 million in spending includes the following projects that were selected based on critical need due to the seriousness of the failure of the asset providing safe operations and because they were delayed due to COVID -19:

- Curtain Wall B Street – \$10,812,00
- Structural Repairs at National City Marine Terminal (NCMT) Berth 24-11 – \$11,000,000
- Pile Repairs at Nay Pier for \$11,700,00; and
- Electrical Improvements at Tenth Avenue Marine Terminal to support electrification efforts for \$2,000,000

WHEREAS, the Disadvantage Communities - Electrification Projects category which estimates \$21.3 million in spending includes the following projects that electrify port operations by replacing diesel equipment and trucks with electric versions as well as having a co-benefit of benefitting historically marginalized/vulnerable communities and meeting the District’s and State’s climate change goals:

- Electrification of Mobile Harbor Crane System for \$14,000,000
- Electrification of Utility Tractor Rigs for \$1,685,000
- Electrification of Port Fleet for \$1,000,000
- Shore Power at NCMT for \$6,000,000
- Electrification Clean Truck Program for \$1,080,000; and

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WHEREAS, the Disadvantaged Communities – Legacy Projects category which estimates \$11.5 million in spending on the following projects that deliver benefits to historically marginalized/vulnerable communities and support port operations:

- Balanced Plan for \$3,000,000
- Pepper Park for \$850,000
- Harbor Park Phase 2 for \$2,000,000
- Bus Turnaround at the Living Coast Discovery Center for \$1,000,000 (also a capital outlay project)
- Pond 20 for \$3,000,000 (also a capital outlay project)
- Imperial Beach Pier Improvements for \$850,000; and

WHEREAS, the Environmental Projects category which estimates \$6.39 million in spending on the following projects that are designed to improve the cleanliness of stormwater runoff around San Diego Bay and to implement aquaculture and BlueTech projects that will enhance the water quality in the bay:

- Environmental Education for \$80,000
- Stormwater Improvements for \$5,12,000 (also a capital outlay project)
- Aquaculture/Blue Tech for \$1,185,000; and

WHEREAS, the following Technology Investments projects category which estimates \$6 million in spending includes the following projects that are designed to enhance port operations and implement capital outlay projects delayed by pandemic-related fiscal impacts:

- Security Enhancements for \$1,700,000
- Operational Infrastructure for \$1,200,000
- Maritime and Tenant Portal for \$3,100,000; and

WHEREAS, the Visitor Serving Projects category addresses landscape restoration needed as a result of deferred maintenance at a cost of \$3.15 million, and On-Tidelands Homeless Community Support at a cost of \$1.2 million, both of which restore services lost during COVID-9, benefit the public and provide safe operations; and

WHEREAS, the personnel category includes \$2.9 million in spending to restore jobs and services at the District subject to meet and confer with the unions; and

WHEREAS, the Budget Stabilization Projects category covers eligible projects already included in the District's FY2021 budget but that are currently being paid for through deficit spending at an estimated cost of \$10.8 million; and

WHEREAS, staff recommends that the BPC approve the ERP and grant the Executive Director authority to sign the application and funding agreement, so that the District can submit the funding request package as soon as the application

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period opens and receive the fund as expeditiously as possible.

NOW, THEREFORE, BE IT RESOLVED that the Board of Port Commissioners (BPC) of the San Diego Unified Port District (District), does hereby approve an Economic Recovery Program (ERP) for projects utilizing the American Rescue Plan Act (ARPA) funds received from the State of California's Corona Virus Fiscal Recovery Fund of 2021 and that the Executive Director of the District is authorized to sign any application, funding agreement, and associated documents to receive ARPA funds.

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 12th day of October 2021, by the following vote: