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Title: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH SAN DIEGO REFRIGERATED SERVICES, INC., REGARDING THE PLACEMENT OF SOLAR PANELS ON THE ROOF OF WAREHOUSE B AT THE TENTH AVENUE MARINE TERMINAL

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| Date | Ver. | Action By | Action | Result |
|-----------|------|-----------------------------|---------|--------|
| 5/14/2019 | 1 | Board of Port Commissioners | adopted | |

DATE: May 14, 2019

SUBJECT:

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH SAN DIEGO REFRIGERATED SERVICES, INC., REGARDING THE PLACEMENT OF SOLAR PANELS ON THE ROOF OF WAREHOUSE B AT THE TENTH AVENUE MARINE TERMINAL

EXECUTIVE SUMMARY:

Staff recommends that the Board adopt a resolution authorizing the Executive Director to execute a Memorandum of Understanding with San Diego Refrigerated Services, Inc. (SDRS), regarding the placement of solar photovoltaic (PV) on the roof of Warehouse B on the Tenth Avenue Marine Terminal (TAMT). (Attachment A)

The proposed Memorandum of Understanding (MOU) between the San Diego Unified Port District (District) and SDRS would facilitate the placement of solar PV on the roof of Warehouse B on the TAMT, as part of the of the California Energy Commission (CEC) grant-funded Resiliency in Terminal Operations Project (Microgrid Project).

This agreement designates the space for each party to install solar PV on the roof of Warehouse B. This agreement is aligned with the CEC microgrid grant funding received and accepted by the Board on June 12, 2018 (Attachment C, 2018-0185). The placement of solar PV on the Warehouse B roof was analyzed as part of designing the microgrid, which included an analysis of available roof area and proximity and access to the District's electrical infrastructure. Warehouse B also had the largest available roof space on the terminal.

This agenda item represents an important component of the Microgrid Project facilitating the installation of solar PV on the TAMT. In addition, the TAMT Microgrid Project fulfills a portion of the mitigation requirements of the Final Environmental Impact Report for the TAMT Redevelopment Plan and Demolition and Initial Rail Component Project (TAMT Final EIR), Second Addendum approved by this Board on April 10, 2018 (Attachment B, 2018-0086).

RECOMMENDATION:

Adopt a resolution authorizing the Executive Director to Execute a Memorandum of Understanding with San Diego Refrigerated Services, Inc., regarding the placement and installation of solar PV on the roof of Warehouse B on the TAMT.

FISCAL IMPACT:

This agenda item has no fiscal impact.

COMPASS STRATEGIC GOALS:

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

- A Port that the public understands and trusts.
- A thriving and modern maritime seaport.
- A Port with a healthy and sustainable bay and its environment.
- A Port with a comprehensive vision for Port land and water uses integrated to regional plans.
- A Port that is a safe place to visit, work and play.
- A Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

The District and SDRS wish to enter into a Memorandum of Understanding (MOU) for the purpose of memorializing certain agreements and the Parties' mutual understanding regarding the potential placement of solar PV on the roof of Warehouse B at the TAMT.

There exists a certain lease between the District and SDRS, District Clerk Document Number 64269 (Lease). Pursuant to the Lease, SDRS leases approximately 433,965 square feet of land area and the improvements thereon, including 317,802 square feet of refrigerated chill rooms, freezer rooms and dry storage areas within Warehouse B located at TAMT. Warehouse B has roof space that is available for the installation of solar PV, provided that the current roof is first replaced with a new roof that is structurally suitable for solar PV. The roof replacement is currently underway and is anticipated to be completed in June 2019. The Parties are interested in memorializing their agreements and mutual understanding regarding the potential placement of solar PV on the roof of Warehouse B on TAMT.

On June 12, 2018, the Board approved acceptance of grant funds from the CEC administered Electric Program Investment Charge grant funding opportunity (GFO-17-302) to support the Port of San Diego Microgrid Project at the TAMT (Attachment C, 2018-0185). This grant program awarded

the District \$4,985,272 toward the design, installation and testing/evaluation of the microgrid controller, battery energy storage system, and electrical infrastructure improvements. The District identified \$4,629,936 in match funds for a total project value of \$9,615,208. The District's match funds include an in-kind staff contribution from University of California, San Diego in the amount of \$201,963 and the District's expenses associated with the roof retrofit of TAMT Warehouse B, installation of energy efficient lighting, payments made toward a solar PV Power Purchase Agreement during the grant period, and in-kind staff time.

During the design of the microgrid system, District staff worked closely with the engineering firm Burns & McDonnell to identify and analyze potential locations for solar PV to support the microgrid at TAMT. After a thorough analysis of all available locations, the roof of Warehouse B was selected as the optimal location due to technical and financial factors, including available roof area and proximity and access to the District's electrical infrastructure. Warehouse B had the largest available usable roof space on the terminal. Other locations considered, such as Warehouse C, utilize the roof space for the conveyance of cargo products and would not be a suitable match for solar PV at this time. In addition, SDRS has repeatedly expressed interest in pursuing solar projects for their facility, however, placement of solar PV requires a full roof replacement for Warehouse B.

The Board awarded the contract for the roof replacement of TAMT Warehouse B under the District's Fiscal Year 2018/19 Major Maintenance Program (Attachment D, 2018-0559). The District initiated construction in March of 2019 with the completion anticipated in June 2019.

This agenda item represents an important step in meeting the implementation phases of the CEC grant funding agreement, as well as meeting mitigation requirements of the TAMT Final EIR, as documented in the Second Addendum approved by this Board on April 10, 2018 (Attachment B, 2018-0086).

General Counsel's Comments:

The Office of the General Counsel reviewed this agenda and approved the proposed MOU as to form and legality.

Environmental Review:

The proposed Board action, including without limitation, a resolution authorizing an MOU for the placement of solar panels on the roof of Warehouse B at TAMT was adequately covered in the Final Environmental Impact Report (FEIR) for the Tenth Avenue Marine Terminal Redevelopment Plan and Demolition and Initial Rail Component Project (SCH #2015-031046, Clerk Document No. 65901), prepared and adopted/certified by the District on December 13, 2016 (Resolution No. 2016-199), Addendum No. 1 to the FEIR for the Demolition and Initial Rail Component Project (Clerk Document No. 67004), adopted/certified by the District on July 11, 2017 (Resolution No. 2017-0100), and Addendum No. 2 to the FEIR for the Implementation and Installation of a Renewable Microgrid Project (Clerk Document No. 65901), adopted certified by the District on April 10, 2018 (Resolution No. 2018-061). The proposed project is not a separate "project" for CEQA purposes but is a subsequent discretionary approval related to a previously approved project. (CEQA Guidelines § 15378(c); *Van de Kamps Coalition v. Board of Trustees of Los Angeles Comm. College Dist.* (2012) 206 Cal.App.4th 1036.) Additionally, pursuant to CEQA Guidelines Sections 15162 and 15163, and based on the review of the entire record, including without limitation, the FEIR, the District finds and recommends that the approval of the MOU for the placement of solar panels on the roof of

Warehouse B does not require further environmental review as: 1) no substantial changes are proposed to the project and no substantial changes have occurred that require major revisions to the FEIR due to the involvement of new significant environmental effects or an increase in severity of previously identified significant effects; and 2) no new information of substantial importance has come to light that (a) shows the Project will have one or more significant effects not discussed in the FEIR, (b) identifies significant impacts would not be more severe than those analyzed in the FEIR, (c) shows that mitigation measures or alternatives are now feasible that were identified as infeasible and those mitigation measures or alternatives would reduce significant impacts, and (d) no changes to mitigation measures or alternatives have been identified or are required. Because none of these factors have been triggered and the adoption of the MOU for the placement of solar panels on the roof of Warehouse B does, the District has the discretion to require no further analysis or environmental documentation (CEQA Guidelines §15162(b)). Pursuant to CEQA Guidelines §15162 (b), the District finds and recommends that no further analysis or environmental documentation is necessary. Accordingly, the proposed Board action is merely a step in furtherance of the original project for which environmental review was performed and no supplemental or subsequent CEQA has been triggered, and no further environmental review is required.

In addition, the proposed Board action complies with sections 21, 35, and 87 of the Port Act, which allow for the Board to pass resolutions, to do all acts necessary and convenient for the exercise of its powers, and for the establishment, improvement, and conduct of a harbor, and for the construction, reconstruction, repair, maintenance, and operation of wharves, docks, piers, slips, quays, and all other works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient, for the promotion and accommodation of commerce and navigation. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action was covered in the Coastal Development Permit (CDP) (CDP 2016-09) for the Tenth Avenue Marine Terminal Redevelopment Plan and Demolition and Initial Rail Component Project, issued on December 13, 2016 (Resolution No. 2016-201); amendment no. 1 to the CDP for the Demolition and Initial Rail Component Project, issued on July 11, 2017 (Resolution No. 2017-101); and amendment no. 2 to the CDP for the Implementation and Installation of a Renewable Microgrid Project, issued on April 10, 2018 (Resolution No. 2018-062). The proposed Board action is consistent with the projects analyzed in the CDP and subsequent amendments. No additional action under the California Coastal Act is required at this time.

Equal Opportunity Program:

Not applicable.

PREPARED BY:

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Attachment(s):

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|---------------|---|
| Attachment A: | Memorandum of Understanding - San Diego Refrigerated Services |
| Attachment B: | Agenda Sheet, 2018-0086 |
| Attachment C: | Agenda Sheet, 2018-0185 |
| Attachment D: | Agenda Sheet, 2018-0559 |