



Legislation Text

File #: 2018-0243, **Version:** 1

DATE: February 12, 2019

SUBJECT:

RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO AGREEMENT WITH MARINE GROUP BOAT WORKS, LLC, FOR FULL SERVICE IMPOUNDED VESSEL SERVICES, INCREASING THE \$600,000 MAXIMUM AMOUNT PAYABLE UNDER THE AGREEMENT BY \$929,400 FOR A NEW MAXIMUM AMOUNT OF \$1,529,400; AND ADDING A NEW LOCATION WHERE SERVICES ARE PERFORMED. ADDITIONAL FUNDING REQUIRED IN THE CURRENT FISCAL YEAR WILL BE FUNDED USING AVAILABLE FAVORABLE VARIANCE. ALL FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BE BUDGETED IN THE APPROPRIATE FISCAL YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH FISCAL YEAR'S BUDGET.

EXECUTIVE SUMMARY:

On July 1, 2017, the District entered into a three (3) year agreement with Marine Group Boat Works, LLC (Marine Group) for Full Service Impounded Vessel Services in an amount not to exceed \$600,000. The Impounded Vessel agreement with Marine Group, which expires June 30, 2020, is used to provide impound services for vessels that have been abandoned or impounded by Harbor Police. Services include acceptance of towed vessels, inventory reports, storage, vessel haul out, vessel transportation, the lien sale process, title acquisition processes, and vessel demolition; collectively, these services are referred to as the 'vessel process' and ultimately result in the sale or demolition of each vessel.

Impound vessel services are currently performed in the District's vessel storage yard located at 891 G Street, Chula Vista. This vessel storage yard will not be available for District use after July 2019, due to construction of the Chula Vista Bayfront and Sweetwater Path projects. Staff has identified an alternate vessel storage yard north of Marine Group's National City location (see map in Attachment C). This amendment is required in order to allow Marine Group to provide impound vessel services for the District at the National City vessel storage yard.

This amendment also adds additional capacity to the original agreement to account for an increase in the number of vessels impounded by HPD annually (from 24 vessels impounded annually to 36 vessels impounded annually) and increased costs to transport vessels at the new vessel storage yard located in National City. Accordingly, Staff is requesting an increase in the amount of the \$600,000 agreement by \$929,400 for a new total agreement amount of \$1,529,400.

RECOMMENDATION:

Adopt a resolution authorizing Amendment No. 1 to Agreement with Marine Group Boat Works, LLC, for Full Service Impounded Vessel Services, increasing the \$600,000 maximum amount payable

under the agreement by \$929,400 for a new maximum amount of \$1,529,400; and adding a new location where services are performed.

FISCAL IMPACT:

Funds totaling \$420,000 are included in the FY 2019 General Services' As-Needed Maintenance-Abandoned and Derelict Vessel budget. An additional \$172,000 will be funded with anticipated favorable variances from other General Services department's expense accounts. The FY 2018 expenditure was \$191,800, and staff estimates funding requirements of approximately \$592,000 for FY 2019, and \$745,600 for FY 2020 resulting in a 3-year total funding requirement of \$1,529,400.

Funds required for future fiscal years will be budgeted for in the appropriate year subject to Board approval upon adoption of each fiscal year's budget.

The District is eligible for reimbursement of vessel demolition costs in the amount of \$96,876 through a California Department of Boating and Waterways grant approved by the Board of Port Commissioners on October 10, 2017.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goals by allowing Harbor Police to remove navigational and environmental hazards from the bay.

- A thriving and modern maritime seaport.
- A Port with a healthy and sustainable bay and its environment.
- A Port that is a safe place to visit, work and play.

DISCUSSION:

The District has historically contracted out for Impounded Vessel Services to process vessels that have been abandoned or impounded by Harbor Police. This is a specialized service that requires waterside storage, the ability to accept vessels anytime, vessel lifts, heavy equipment, knowledge of the California Harbors & Navigation Code and the Department of Motor Vehicle impounded vessel procedures, and a thorough understanding of the environmental regulations to support proper storage and disposal of vessels. This agreement supports Harbor Police's duty to remove navigational hazards from the bay, and the Port's responsibility to keep the bay free from environmental hazards.

Impound vessel services are currently performed in the District's vessel storage yard located at 891 G Street, Chula Vista. However, the Chula Vista Bayfront and Sweetwater Path construction projects will preclude the use of this site after July 2019. The District has identified an alternate vessel storage yard north of Marine Group's National City location (see map in Attachment C), which is available for use upon approval of this amendment.

In addition, funding required to support the Impounded Vessel Program has increased primarily for two reasons: an increase in the average number of vessels impounded annually and higher operational costs at the National City storage yard, due to increased costs to transport vessels at that location. Since June 2018, the District has seen an increase in the number of vessels impounded by

Harbor Police, which revises the average to 36 vessels annually (up from 24 vessels annually). The cause of this increase is due in part to an unpatrolled area off the north west side of Coronado Island, known as the Zuniga Jetty Shoal (Zuniga), where boaters are mooring for free. Vessels moored at Zuniga often break free from anchors due to winds, shallow waters, and rock outcroppings, and some have drifted into the District's jurisdiction requiring removal. District staff is exploring options with the City of San Diego and the USCG, in order to identify long-term sustainable solutions to this problem. Staff is joining regional working groups on abandoned and derelict vessels to learn how other jurisdictions are addressing similar issues. The working groups are led by the USCG and concerns raised by participants are communicated to the State Legislature. Staff is also researching alternate ways to process vessels with the goal of reducing costs and expediting the processing timeline.

The cost estimate for FY 2019 to process incoming vessels and to process vessels currently in storage is \$592,000. This estimate is higher than anticipated due to the higher than expected number of vessels impounded by HPD and the increase in operational costs at the National City storage yard. The estimated costs to process incoming vessels in FY 2020 is \$745,400.

The District is eligible for reimbursement of vessel demolition costs in the amount of \$96,876 through a California Department of Boating and Waterways grant, as approved by the Board on October 10, 2017. This grant commenced November 22, 2017 and expires on March 1, 2019. The District has a 10% matching requirement, which will be satisfied by the expenditure of District funds on vessel demolition, which has already been met.

Staff requests authorization to execute Amendment No. 1 to Agreement with Marine Group Boat Works, LLC, for Full Service Impounded Vessel Services, increasing the \$600,000 maximum amount payable under the agreement by \$929,400 for a new total agreement not-to-exceed amount of \$1,529,400; and adding a new location where services are performed.

General Counsel's Comments:

The Office of the General Counsel has reviewed Amendment No. 1 to Agreement with Marine Group Boat Works, LLC, for Full Service Impounded Vessel Services and approves as to form and legality.

Environmental Review:

The proposed Board action to amend the agreement with Marine Group Boat Works for full service impounded vessel services and to relocate the District temporary vessel storage yard is Categorically Exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15301 (Existing Facilities) and Sections 3.a. (6) of the District's Guidelines for Compliance with CEQA because the project in question proposes continued impounded vessel services. A CEQA Exemption was previously issued for this project on April 11, 2017 however, based on the change in project location, the District determined it to be necessary to revise the CEQA Exemption for the project. The District has determined none of the six exceptions to the use of a categorical exemption apply to this project (CEQA Guidelines Section 15300.2). Pursuant to Section 15378(c) of the State CEQA Guidelines, the term "project" refers to the activity being approved, which may be subject to several discretionary approvals of governmental agencies, and does not mean each separate governmental approval. No further action under CEQA is required.

In addition, the proposed Board action complies with Section 87 of the Port Act, which allows for the

establishment, improvement, and conduct of small boat harbors, marinas, aquatic playgrounds, and similar recreational facilities, and for the construction, reconstruction, repair, maintenance, and operation of all works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient for the promotion and accommodation of any of those uses, including, but not limited to, snack bars, cafes, restaurants, motels, launching ramps, and hoists, storage sheds, boat repair facilities with cranes and marine ways, administration buildings, public restrooms, bait and tackle shops, chandleries, boat sales establishments, service stations and fuel docks, yacht club buildings, parking areas, roadways, pedestrian ways, and landscaped areas. 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.

Finally, the proposed Board action is considered “excluded development” pursuant to Sections 8.a. (9) (Existing Facilities) of the District’s Coastal Development Permit Regulations. A “Coastal Act Categorical Determination of Exclusion” was previously issued for this project on April 11, 2017 however, a revised “Coastal Act Categorical Determination of Exclusion” is required to identify the change in location for the project.

Equal Opportunity Program:

Due to limited subcontracting opportunities, no Small Business Enterprise goal was established for this agreement.

PREPARED BY:

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Attachment(s):

Attachment A: Agreement No. 50-2017RH with Marine Group Boat Works, LLC

Attachment B: Amendment No. 1 to Agreement No. 50-2017RH

Attachment C: National City Vessel Storage Yard Location