SUBJECT: REQUEST FOR PROPOSALS

PURPOSE: To Establish a Policy for Development Proposals

DEFINITIONS:

1. "Local Area" means San Diego, Riverside and Imperial Counties.

2. "Priority Zip Codes" means zip codes where:
   a. the average household income ("AHI") is less than the AHI in San Diego County;
   b. the unemployment rate is higher than the average unemployment rate in San Diego County; and
   c. where the percentage of college graduates is lower than the percentage of college graduates in San Diego County.

3. "Proprietary Interest" means the right to an advantage, share or interest in the property or an asset. The Proprietary Interest includes, but is not limited to, the following:
   a. deriving revenue from property leasing;
   b. deriving revenue from the development's operating revenue, including the occupancy of hotel rooms; and
   c. the District has an ongoing economic and non-regulatory interest that is dependent on the financial success of the development.

POLICY STATEMENT:

1. It is the policy of the Board of Port Commissioners (Board) that all development proposals shall be subject to a competitive process unless one of the following exceptions applies:
   a. The Board has authorized staff to negotiate the redevelopment of a property with the existing tenant of that property pursuant to Board Policy No. 355.
   b. The development proposal will result in a real estate agreement with a term of five (5) years or less.
c. The Board expressly waives, by a majority affirmative vote of four (4) or more of the members of the Board, the requirement for a competitive process.

2. Before commencing the competitive process for a development proposal, staff must obtain authorization by a majority affirmative vote of four (4) or more of the members of the Board which must include, at a minimum, the following:
   a. The type of competitive process to be used (Request for Qualifications, Request for Proposals, etc.).
   b. The geographical boundaries of the subject property.
   c. An estimated timeline from the commencement of the competitive process through selection of the successful respondent(s).
   d. A description of the process to evaluate the development proposals.
   e. For each development proposal that includes one hundred (100) hotel rooms or more, for which staff has determined that the District possesses sufficient Proprietary Interest, the evaluation process shall give considerable preference to development proposals which:
      1) Effectively commit to engage in efforts that will reduce or eliminate the risk of labor disruptions which would have an adverse effect on the District's Proprietary Interest in the timely completion of the development's construction and the uninterrupted operation of the development once completed.
      2) Effectively commit to provide significant employment opportunities, at both journey- and apprentice-levels, to residents of the Local Area and Priority Zip Codes. The policy requires adoption of the following hiring goals for the construction workforce:
         a) A goal that not less than 70% of total work hours are performed by Local Area residents;
         b) A goal that not less than 10% of total work hours are performed by residents from Priority Zip Codes; and
         c) Hours worked by residents of states other than California shall not be included in the calculation of total hours worked for the purposes hiring percentage goals.
      3) State a preference for contractors or subcontractors that have operated in and employed residents of the Local Area for at least five (5) years.
      4) State a preference for a prequalification process to ensure use of reputable contractors and subcontractors which relies on contractor/subcontractor financial, organizational, historic, claims, safety and performance information similar to the information
described in Part II and Part III of the publication titled Pre-Qualification of Contractors Seeking to Bid on Public Works Projects, published by the California Department of Industrial Relations in 1999.

5) Commit to an early-stage public engagement process in order to explain the proposed development, the benefits of the development, and how the developer will mitigate adverse impacts to neighboring communities.

6) Provide a detailed risk management plan, which shall include, but not be limited to addressing the following risks:
   a) pre-entitlements challenges to the development;
   b) unanticipated increases in costs, including construction costs; and
   c) delays associated with labor disruptions during construction and operations.

7) Include a stated willingness to provide the Board risk management updates throughout the project lifecycle.

8) Provide a record and specific examples of the prior experience conducting public engagement and stakeholder outreach to support development proposals.

9) Provide a record and specific examples of prior development in the Coastal Zone as defined in the California Coastal Act.

10) Provide a record and specific examples of actions taken to avoid pre-entitlement challenges development proposals.

3. The competitive process commences once a formal announcement advertising the commencement is published either in a newspaper of general circulation or on the District's website not less than thirty (30) days prior to the estimated date staff will request the Board select the successful respondent(s).

4. From and after the date by which respondents submit their development proposals to the District, the real estate negotiation process shall be deemed to have commenced and staff shall have the ability to negotiate price and terms of payment with the respondent(s) including but not limited to negotiating with one or more respondents sequentially or simultaneously; negotiating with one, or some, or all of the respondents; terminating the competitive process and rejecting all development proposals; and seeking best and final proposals from one or more respondents. At any time during the competitive process, the Board may direct staff to seek negotiating direction and staff reserves the right to seek Board direction on price and terms of payment.
5. Consistent with all applicable District rules and regulations, staff may use third-party consultants as needed during the competitive process to evaluate development proposals.