

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE 2908

**ORDINANCE AMENDING THE FY 2017/18
BUDGET, INCREASING THE CAPITAL MAJOR
MAINTENANCE APPROPRIATION CONTINGENCY
IN THE AMOUNT OF \$390,000 TO BE FUNDED
FROM UNRESTRICTED RESERVES**

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, Port Act Section 20 provides that the Board of Port Commissioners (BPC) shall establish a fiscal year for its operations and shall at the end of each fiscal year, or as soon as possible after the end of each fiscal year, make a complete report of the affairs and financial condition of the district for the preceding fiscal year, which shall show the sources of all receipts and the purposes of all disbursements during the year, the report shall be verified by the chairperson of the board and the secretary thereof, and the board shall draw up a budget for each fiscal year; and

WHEREAS, Port Act Section 38 provides that by resolution, the BPC may provide for the creation and accumulation of a fund for capital outlays; and

WHEREAS, Port Act Section 83 provides that money in the fund may also be used for the acquisition, construction, completion and vessels, for the promotion and accommodation of commerce, navigation and fisheries, and recreation, or uses in connection therewith; and for extraordinary improvements and betterments to lands and property under the control, supervision and management of the District, including the purchase or condemnation of necessary lands and other property and property rights; and

WHEREAS, the initial Capital Major Maintenance Appropriation Contingency for FY 2017/18 was budgeted at \$367,000 and currently stands at \$72,653; and

WHEREAS, contingency funds have been applied to projects for change orders addressing stormwater facilities at the National City Marine Terminal, and to allow award of construction contracts with bids in excess of the project budget; and

WHEREAS, staff anticipates additional funding demands on the Capital Major Maintenance Appropriation Contingency this fiscal year to support planned construction projects; and

WHEREAS, since November 2016, construction labor costs have increased due to an uptick in private and public sector projects, and a shortage in skilled trade labor; and

WHEREAS, the increased demand has also contributed to the rising cost of construction materials; and

WHEREAS, according to Caltrans Construction Cost Index data, project costs have risen 11% and 18% over the past two years, respectively and other cost indicators are showing similar increases; and

WHEREAS, in the first five months of the fiscal year, four construction projects were awarded with a combined construction budget of \$3.9M; and

WHEREAS, each of these projects was awarded at or above the initial project budgets nearly depleting the project's budgeted contingency; and

WHEREAS, it is standard practice to assume 10% contingency when the project budget is developed; and

WHEREAS, staff recommends an increase of \$390,000 to the Capital Major Maintenance Appropriation Contingency to make funds available for potential construction changes on projects planned for construction this fiscal year.

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

1. That the District adopt an ordinance amending the FY 2017/18 budget, increasing the Capital Major Maintenance Appropriation Contingency in the amount of \$390,000 to be funded from Unrestricted Reserves.
2. This Ordinance shall take effect on the 31st day from its passage by the Board of Port Commissioners.

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 5th day of December 2017, by the following vote:

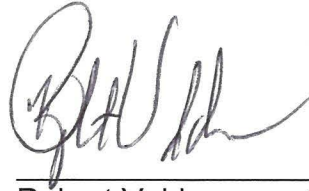
AYES: Bonelli, Castellanos, Malcolm, Merrifield, Valderrama, and Zucchet

NAYS: None.

EXCUSED: Moore

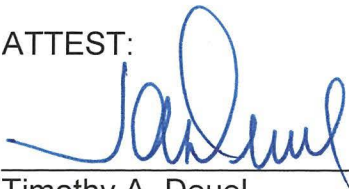
ABSENT: None.

ABSTAIN: None.



Robert Valderrama, Chair
Board of Port Commissioners

ATTEST:



Timothy A. Deuel
District Clerk



(Seal)