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**File #:**2023-0208

**DATE:** December 5, 2023

**SUBJECT:**

**RESOLUTION AUTHORIZING A SOLE SOURCE EQUIPMENT PURCHASE AND CONSULTING SERVICE AGREEMENT WITH WATTS MARINE, LLC IN THE AMOUNT NOT TO EXCEED \$676,273.00, FOR THE CRUISE SHIP TERMINAL ADDITIONAL SOUTH BERTH SHORE POWER CONNECTION POINT PROJECT.**

**EXECUTIVE SUMMARY:**

The San Diego Unified Port District (District) is advancing its commitment to environmental sustainability and operational efficiency through a strategic expansion of its shore power infrastructure. In response to CARB's At-Berth Regulation and the varied power connection needs of cruise ships, the District proposes the addition of a new shore power connection point at the B Street Cruise Ship Terminal's southern berth.

The project advances electrification efforts to meet the CARB's at-berth regulations and implements Oceangoing Vessel Objective 2A of the Port's Maritime Clean Air Strategy (MCAS), improving air quality by significantly reducing Diesel Particulate Matter emission from ships-at-berth.

To facilitate this expansion, the District recommends a sole source equipment purchase and service agreement with Watts Marine, LLC (formerly Cochrane Marine LLC). Leveraging their expertise and a streamlined approach, this partnership ensures swift implementation and simplified long-term maintenance. The estimated sole source material and design cost is \$676,273.00.

Pending Board approval, the design is slated to commence in the Winter of 2023. This initiative highlights the District's commitment to environmental stewardship, operational excellence, and sustainable maritime practices.

**RECOMMENDATION:**

Adopt a resolution to authorize a sole source equipment purchase and service agreement with Watts Marine, LLC (formerly Cochrane Marine, LLC) in the amount not to exceed \$676,273.00, for equipment for an additional south berth shore power connection point project.

**FISCAL IMPACT:**

There is no fiscal impact caused by approval of this action. Funds are budgeted in the FY 2024 Equipment Outlay and Other Capital Projects titled CST Add South Berth Shore Power Connections Points with a total budget of \$1,000,000.

Approval of this agenda item will authorize the expenditure of \$676,273.

**COMPASS STRATEGIC GOALS:**

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

- A Port with a healthy and sustainable bay and its environment.

**DISCUSSION:**

In December 2007, the California Air Resources Board (CARB) implemented the At-Berth Regulation, a pivotal step to curb emissions from ships while docked. This regulation mandated the installation of shore power infrastructure, commonly known as cold ironing, enabling vessels to power down their diesel engines during berthing.

In response, the Board took proactive measures, authorizing the installation of the initial shore power system at B Street Cruise Ship Terminal in 2008. This marked the establishment of the first connection points on the western end of the northern berth and southern berth. Subsequently, in 2021, Phase Two, sanctioned by the Board, extended this capability to accommodate two vessels connected at any time.

The upcoming project underscores the dynamic nature of cruise ship needs. Vessels often feature power connection points on both starboard and port sides. This new initiative addresses this variability by introducing an additional connection point. Specifically, it enables ships with starboard connections to seamlessly access shore power at the southern berth's eastern location.

To align with CARB's stringent 2023 regulations, our District faces the task of enhancing our infrastructure. This involves the installation of an alternate shore power receptacle at the southern berth. Considering the proprietary nature of our existing systems and equipment, a sole source agreement with Watts Marine, LLC (formerly Cochrane) emerges as the most pragmatic approach.

The project advances electrification efforts to meet the CARB's at-berth regulations and implements Ongoing Vessel Objective 2A of the Port's Maritime Clean Air Strategy (MCAS), improving air quality by significantly reducing Diesel Particulate Matter emission from ships-at-berth.

This strategic decision brings immediate and long-term advantages. Initially, an accelerated timeline is assured, given the familiarity with the existing equipment. By avoiding the complexities associated with designing a new configuration, we can expedite the implementation process. Over the long run,

maintenance procedures will be streamlined. A singular, integrated system simplifies troubleshooting, ensuring efficient operations and reducing downtime.

Although staff has considered other procurement methods for designing and acquiring the additional electrical shore power system, the use of the Watts Marine, LLC system option will allow the Port to integrate with the existing shore power system without the development of an extensive alternate system. Using a sole source option with Cochran Marine, LLC, for shore power equipment fabrication will provide the following viable opportunities for the District:

- Avoids the development of an alternate shore power system that will be compatible with Port Phase 1 and 2 shore power systems and the cruise ships that have already been retrofitted. The development of a new system would require considerably more time, design effort, and expense than it would be to continue with the existing Cochran system.
- Allows public works procurement methods to obtain the necessary electrical substation components improvements, including electrical equipment installation, cable pulling, and termination.
- Reduces the potential for electrical ship damage.
- Satisfies the Port's primary cruise line customers' strong preference for the Watts Marine proprietary system currently being used at the Port of San Diego and other West Coast ports.
- Allows the use of a verified design for the shore power system, rather than commissioning an unknown, unproven system.

In light of these considerations, staff recommends that the San Diego Unified Port District (District) Board of Commissioners (Board) grant authorization for a sole source equipment purchase and service agreement with Watts Marine, LLC. The not-to-exceed amount is set at \$676,273.00, ensuring financial prudence while guaranteeing the successful execution of this critical project.

See the cost summary table below:

<b>Description</b>	<b>Cost</b>
Equipment Procurement	\$521,046.92
Service and Installation	\$123,023.04
Allowance (5%)	\$32,203.04
<b>Total</b>	<b>\$676,273.00</b>

Upon the Board's approval, the design is slated to commence in Winter 2023, with the comprehensive project scheduled for completion by Winter 2024. This action also allows for the manufacture of electrical equipment requiring long lead times. This endeavor stands as a testament to our commitment to environmental sustainability, operational efficiency, and the seamless facilitation of cruise ship services at our esteemed terminal.

The final service cost to complete the project will be the Construction Contract (Public Works). The work includes the installation of shore power equipment, conduits, conductors, placing and terminating cables. This work is currently estimated to cost approximately \$500,000. Once the design work is finalized, the work will be competitively bid, and the contract brought before the Board for award.

**General Counsel's Comments:**

The Office of the General Counsel has reviewed this agenda and the attachments as presented to it and approves the same as to form and legality.

**Environmental Review:**

The proposed Board action, including without limitation, authorizing a sole source equipment purchase and consulting service agreement with Watts Marine, LLC in the amount not to exceed \$676,273.00 for the Cruise Ship Terminal Additional South Berth Shore Power Connection Point Project, is categorically exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15301 (Existing Facilities) and 3.a.(7) of the District's Guidelines for Compliance with CEQA. The proposed Board action is categorically exempt because the authorization of a consulting service agreement and associated equipment purchase would consist of the design and development of specialized shore power equipment intended to allow for future shore power flexibility at the B Street Cruise Ship Terminal. The proposed project supports continued electrification efforts at the existing B Street Cruise Ship Terminal facility, as analyzed in the December 2009 Final Mitigated Negative Declaration for B Street Shore Power Project (Clerk's Document No. 69487; Resolution No. 2010-07), and it would not result in a physical change in the environment. The Cruise Ship Terminal Additional South Berth Shore Power Connection Point Project developed as a result of the proposed Board action will be subject to future environmental review after design is completed and project plans are prepared. 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).

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 all visitor-serving commercial and industrial uses and purposes, and the construction, reconstruction, repair, and maintenance of commercial and industrial buildings, plants, and facilities. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed project is consistent with the Public Trust Doctrine.

The proposed Board action is considered excluded development pursuant to Section 8.a. (Existing Facilities) of the District's Coastal Development Permit Regulations because the authorization of a consulting service agreement and equipment purchase would allow for the design and development of specialized shore power equipment that will allow for future shore power flexibility at the B Street Cruise Ship Terminal. The proposed project supports continued electrification efforts at the existing B Street Cruise Ship Terminal facility, and it would not result in a physical change, change in use, or increase the intensity of uses. Any future development to result from approval of the following item would remain subject to its own independent review pursuant to the District's certified CDP Regulations, Port Master Plan, and Chapters 3 and 8 of the Coastal Act, including the future Cruise Ship Terminal Additional South Berth Shore Power Connection Point Project. If the Board approves this action, District staff would notify California Coastal Commission (CCC) staff in accordance with Coastal Act Section 30717. The approval would become effective after the 10th working day after notification to CCC staff unless an appeal is filed with the CCC within that time frame.

**Diversity, Equity, and Inclusion Program:**

Due to being a sole source, there was no known availability of Small Business Enterprises (SBEs) and limited known sub opportunities with the availability of SBEs to participate, therefore no SBE goal was established for this Agreement.

**PREPARED BY:**

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Capital Project Manager, Engineering-Construction

Attachments:

Attachment A: Sole Source Justification Form/Memo

Attachment B: Service Agreement No. 123-2023SN

Attachment C: Purchase Agreement No. 124-2023SN