

DRAFT**RESOLUTION 20xx-xxx**

RESOLUTION (A) FINDING THE BOARD ACTION EXEMPT UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA), INCLUDING WITHOUT LIMITATION CEQA GUIDELINES SECTION 15301 AND (B) SELECTING AND AUTHORIZING TWO OPERATING AGREEMENTS BETWEEN THE SAN DIEGO UNIFIED PORT DISTRICT AND ACE PARKING III, LLC FOR THE MANAGEMENT OF THE SAN DIEGO CONVENTION CENTER PARKING GARAGE AND THE BAYFRONT PARKING GARAGE FOR A PERIOD OF TEN (10) YEARS FROM JULY 1, 2025 THROUGH JUNE 20, 2035

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 1, ("**Port Act**"); and

WHEREAS, Section 21 of the Port Act authorizes the Board of Port Commissioners ("**Board**") to pass all necessary ordinances and resolutions for the regulation of the District; and

WHEREAS, the San Diego Convention Center and Bayfront Parking Garages (together, the "**Garages**") are two District owned properties located within South Embarcadero with approximately 3,869 parking spaces that are managed by a third-party parking operator; and

WHEREAS, pursuant to Board of Port Commissioners Policy No. 110, Request for Proposal No. 24-22JR ("**RFP**") seeking a qualified company for the continued management of the Garages was issued on September 25, 2024 with bids due on November 21, 2024; and

WHEREAS, in response to the RFP, District received three responsive bid proposals from Ace Parking III, LLC ("**Ace**"), ABM Industry Groups, LLC, and LAZ Parking California, LLC; and

WHEREAS, on January 15, 2025, a six-member evaluation committee reviewed the proposals and conducted interviews with each of the three responsive parking companies; and

WHEREAS, after an extensive procurement process and evaluation as further described in the Agenda Sheet to which this Resolution relates, Ace received the highest score and was unanimously selected based on their extensive expertise, cost-effective proposal, recommended improvements, innovative security solutions, and best overall value; and

20xx-xxx

WHEREAS, Ace's forecasted operating expenses of \$29.1M over the 10-year period were significantly lower than the other proposals; 29% lower than the second lowest and 92% lower than the highest; in addition, Ace's proposal included management fee reductions compared to the existing operating agreements in place for the Garages; and

WHEREAS, following Ace being selected as part of the RFP, District staff negotiated with Ace an operating agreement for the San Diego Convention Center Parking Garage in the form of Attachment B to the Agenda Sheet to which this Resolution relates and an operating agreement for the Bayfront Parking Garage in the form of Attachment C to the Agenda Sheet to which this Resolution relates (collectively, the "**Agreements**"); and

WHEREAS, the Agreements both provide that the District will pay Ace for its preapproved operating expenses plus a management fee while all Garage revenues will be deposited into a District owned account; and

WHEREAS, in order to control expenses, at the beginning of each fiscal year, Ace will be required to submit to the District, for the District's approval, a budget of annual expenses by month with line-item details; should Ace require any increases to the budget due to a special project of \$500 or greater, a request is required to be submitted to District for prior written approval prior to payment; and

WHEREAS, Ace is also incentivized to manage expenses and increase revenues through a management fee structure that includes a base fee plus bonus incentives for net income levels above a threshold level for each of the Garages; and

WHEREAS, the final agreed-upon management fees in the Agreements represents an approximate 18% reduction from the current agreements with Ace for the Garages, resulting in savings of approximately \$550,000 over the life of the new Agreements; and

WHEREAS, the Agreements provide that the parking rates for each of the Garages will be set in accordance with District Code Article 8, Section 8.21 – Parking Rates at Tidelands Public Parking Lots and Garages, as approved by the Board on May 9, 2023, and outlined in Attachment E to the Agenda Sheet to which this Resolution relates; and

WHEREAS, Ace may adjust pricing based on events and demand, provided pricing remains within the existing established rates; any increases or modifications beyond the current rates will require future Board approval; and

WHEREAS, Ace, headquartered in San Diego, manages 16,000 total parking spaces downtown and has over 150 years of parking experience, including a long history of managing parking for large events at the San Diego Convention

20xx-xxx

Center, USS Midway Museum, Seaport Village, Big Bay Boom, Wonderfront Music Festival, and various annual parades; and

WHEREAS, Ace has managed the Convention Center Parking Garage since it opened in 1989 for 36 continuous years and the Bayfront Parking Garage since it opened in 2007 for 18 continuous years; and

WHEREAS, over the years, Ace has effectively managed Garage operations through many parking industry changes and downturns such as COVID shutdowns, fires, and floods; and

WHEREAS, the proposed Board action, including without limitation approving a resolution selecting and authorizing the Agreements between the District and Ace for the management of the Garages for a period of 10 years from July 1, 2025 thru June 30, 2035, is categorically exempt pursuant to California Environmental Quality Act ("**CEQA**") Guidelines Sections 15301 (Existing Facilities), and Sections 3.a.(4) of the District's Guidelines for Compliance with CEQA because the project would consist of operating agreements for existing parking garages that would involve no expansion of use beyond that previously existing and would not result in a significant cumulative impact due to the continuation of the existing use; and

WHEREAS, 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); and

WHEREAS, the proposed Board action complies with Sections 35 and 87 of the Port Act which allow the Board to do all acts necessary and convenient for the exercise of its powers and which authorizes the construction, reconstruction, repair, and maintenance of highways, streets, roadways, bridges, belt lines railroads, parking facilities, power, telephone, telegraph or cable lines or landings, water and gas pipelines, and all other transportation and utility facilities or betterments incidental, necessary, or convenient for the promotion and accommodation of any of the uses set forth in this section; and

WHEREAS, based on staff's analysis and understanding of the RFP bids along with the beneficial terms negotiated with Ace in the Agreements, District staff recommends awarding the Agreements to Ace Parking III, LLC for the parking management of the San Diego Convention Center and Bayfront parking garages.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

1. The Board finds the facts recited above are true and further finds that the Board has jurisdiction to consider, approve and adopt the subject of this Resolution.

20xx-xxx

2. Based on the entire record available to the Board and the findings set forth in this Resolution, the Board finds that the action, including, without limitation, authorizing two Operating Agreements between the San Diego Unified Port District and Ace Parking III, LLC for the management of the San Diego Convention Center Parking Garage and the Bayfront Parking Garage for a period of 10 years from July 1, 2025, through June 30, 2035, is categorically exempt pursuant to California Environmental Quality Act Guidelines Sections 15301 (Existing Facilities), and Sections 3.a.(4) of the District's Guidelines for Compliance with CEQA because the project would consist of operating agreements for existing parking garages that would involve no expansion of use beyond that previously existing and would not result in a significant cumulative impact due to the continuation of the existing use. 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).

3. Based on the entire record available to the Board and the findings set forth in this Resolution, the Executive Director or their designated representative is hereby authorized to enter into the proposed Operating Agreements in substantial form as Attachments B and C to the Agenda Sheet to which this Resolution relates between the San Diego Unified Port District and Ace Parking III, LLC for the management of the San Diego Convention Center Parking Garage and the Bayfront Parking Garage for a Period of 10 years from July 1, 2025, through June 30, 2035.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

By: Assistant/Deputy General Counsel

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 15th day of April 2025, by the following vote: