

DRAFT

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE xxxx

ORDINANCE GRANTING A 13-YEAR, 11-MONTH AND 13-DAY LEASE WITH BAE SYSTEMS SAN DIEGO SHIP REPAIR INC., A CALIFORNIA CORPORATION, DBA BAE SYSTEMS FOR 6.77 ACRES OF EELGRASS MITIGATION LOCATED AT THE FORMER SOUTH BAY POWER PLANT COOLING INTAKE CHANNEL IN CHULA VISTA, CALIFORNIA

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, Section 87(b) of the Port Act grants authority to the District to lease the tidelands or submerged lands, or parts thereof, for limited periods, not exceeding 66 years, for purposes consistent with the trusts upon which those lands are held, by the State of California; and

WHEREAS, Section 21 of the Port Act requires that all grants, franchises, leases, permits or privileges for more than five (5) years shall be made by ordinance; and

WHEREAS, BAE Systems San Diego Ship Repair Inc., a California corporation, (BAE) has a 50-year lease (Master Lease) with the District commencing on September 1, 1984 and expiring on August 31, 2034, for the operation of a ship repair facility at 2205 E. Belt Street; and

WHEREAS, the Master Lease covers landside area of approximately 9.8 acres and includes industrial facilities, including production shops, offices and other related utilities and infrastructure; and

WHEREAS, the waterside parcel is approximately 16.6 acres and currently has three working piers (Pier 1, 3, and 4) to moor large naval and commercial vessels for maintenance, repair, overhaul and conversion-related activities; and

WHEREAS, in 2013, BAE submitted a project to the District for the construction and operation of a new floating drydock on the north side of BAE's existing Pier 1 (Project) and in November 2015, the Board of Port Commissioners (BPC) approved BAE's Project and certified the Final Environmental Impact Report (EIR); and

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WHEREAS, the Pride of California Dry Dock was delivered to the site on December 8, 2016 and is partially located on a parcel that was previously occupied by SDG&E (Former SDG&E Parcel) and leased to BAE under a short-term Tideland Use and Occupancy Permit (TUOP); and

WHEREAS, the Project required significant dredging to portions of the Master Lease and Former SDG&E Parcel to accommodate the depth requirements of the Pride of California Dry Dock which resulted in the need for eelgrass mitigation; and

WHEREAS, the EIR required mitigation for eelgrass and shading impacts associated with the Project and analyzed two sites as potential mitigation locations; and

WHEREAS, one location was outside of the District's jurisdiction and the other was within the District's jurisdiction, located in the former South Bay Power Plant cooling intake channel in Chula Vista; and

WHEREAS, BAE determined that the parcel located in the former South Bay Power Plant cooling intake channel in Chula Vista was the best location for construction of the eelgrass mitigation (Mitigation Parcel); and

WHEREAS, under a Right of Entry License Agreement (ROELA), BAE constructed 6.77 acres of eelgrass at the Mitigation Parcel to ensure there was adequate coverage and density to fulfill the mitigation requirements of the Project and the San Diego Shipyard Sediment Remediation Project, which involved marine sediment that was located within BAE's Master Lease and on the Former SDG&E Parcel; and

WHEREAS, the District has prepared a 13-year and 11-month lease for the eelgrass habitat (Mitigation Lease) that is coterminous with BAE's Master Lease and includes incremental new revenue to the District; and

WHEREAS, due to the unique nature of the Mitigation Lease, the Mitigation Lease is not intended to be used as a form for any future leases for operating premises with BAE or any other tenant; and

WHEREAS, staff recommends the BPC adopt an Ordinance granting a 13-year and 11-month lease with BAE for 6.77 acres of eelgrass mitigation located at the former South Bay Power Plant cooling intake channel in Chula Vista, California.

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

1. That a 13-year and 11-month lease with BAE Systems San Diego Ship Repair Inc., a California corporation, dba BAE Systems for 6.77 acres of eelgrass

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mitigation located at the former South Bay Power Plant cooling intake channel in Chula Vista, California, is hereby approved.

2. The Executive Director or her designated representative is hereby authorized to execute the lease attached as Attachment E in the corresponding agenda sheet.

3. 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 18th day of August 2020, by the following vote: