

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE xxxx

**ORDINANCE AUTHORIZING AGREEMENT FOR
AMENDMENT OF LEASE AMENDMENT NO. 1 TO
THE LEASE WITH THE CITY OF CORONADO FOR
THE GLORIETTA BAY MARINA LOCATED AT 1715
STRAND WAY IN THE CITY OF CORONADO
AMENDING RENT TERMS, REVISING THE
LEASEHOLD DESCRIPTION, AND UPDATING
CERTAIN LEASE PROVISIONS**

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, in August 2012, the Board of Port Commissioners (BPC) approved a 40-year lease (Lease) with City of Coronado (City) for a public boat rental dock and approximately 100-slip marina, commonly known as Glorietta Bay Marina; and

WHEREAS, the Glorietta Bay Marina encompasses approximately 6.3 acres of tidelands area located at 1715 Strand Way in the City of Coronado, split roughly in half between submerged land owned by the District (approximately 3.3 acres) and land owned by the City (approximately 3 acres); and

WHEREAS, in 2007, City invested \$3.6 million in waterside improvements on the District parcel which included replacement of two of the three docks, known as Dock A and B; and

WHEREAS, City plans to invest an additional \$3 million to replace and reconfigure the third dock, Dock C; and

WHEREAS, due to unexpected potential litigation and environmental review, construction of Dock C could not be completed by early 2015 and is now projected to be completed in mid-2017; and

WHEREAS, the Lease requires a fixed annual rent of \$11,616 for the first three years of the lease (July 1, 2012 through June 30, 2015); and

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WHEREAS, effective July 1, 2015 through June 30, 2022, rent is based on percentage rents with Minimum Annual Rent (MAR) of \$95,000; and

WHEREAS, according to City, increasing the fixed rent now, as required by the Lease, would impede the City's ability to pay for the replacement of Dock C solely from the City's Marina Fund, and may further delay the construction; and

WHEREAS, City has requested that the District continue the fixed annual rent of \$11,616 for two additional years ending June 30, 2017, when the replacement and reconfiguration of Dock C is projected to be completed; and

WHEREAS, staff has analyzed the City's request and has estimated approximately \$200,000 in rent will be deferred for the period July 1, 2015 through June 30, 2017 by continuing the fixed annual rent of \$11,616; and

WHEREAS, in exchange for continuation of the fixed annual rent, the City has agreed to an increase in the percentage rate paid to the District for boat slip rental income from 11% to 16% for the period of July 1, 2017 through June 30, 2022; and

WHEREAS, increasing the percentage rate paid to the District on boat slip rental income from 11% to 16% would reimburse the District for the \$200,000 in deferred rent, plus interest; and

WHEREAS, staff has analyzed the City's request and believes that increasing the percentage rate on boat slip rental income would fairly compensate the District for continuing the fixed rent for two additional years; and

WHEREAS, staff is recommending the description of the leased premises in the Lease be revised to accurately reflect the square footage of the leased land and water area; and

WHEREAS, staff is recommending the Lease be updated to reflect the District's current practices, which include revisions to provisions for insurance, sustainable leasing, and prevailing wage laws.

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

Section 1. Agreement for Amendment of Lease Amendment No. 1 to the Lease with the City of Coronado for the Glorietta Bay Marina located at 1715 Strand Way in the City of Coronado amending rent terms, revising the leasehold description and updating certain lease provisions is hereby granted.

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Section 2. The Executive Director or her designated representative is hereby directed to execute said Agreement for Amendment of Lease Amendment No. 1 to the Lease.

Section 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 17th day of November, 2015, by the following vote: