

DRAFT

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE xxxx

ORDINANCE GRANTING A LEASE TO LOUISIANA CHARLIE'S, LLC FOR A FAST-CASUAL RESTAURANT AT SEAPORT VILLAGE LOCATED AT 849 W. HARBOR DRIVE, SUITE W-11B FOR A TOTAL 10-YEAR TERM

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, Seaport Village is a tourist-oriented retail shopping center consisting of approximately 90,000 square feet of specialty retailers, restaurants, outdoor entertainment, and parking on an approximately 14-acre bayfront site located at 849 West Harbor Drive in San Diego, California; and

WHEREAS, on October 1, 2018, the District assumed ownership of the Seaport Village assets, which consist of 32 buildings, including one over-water structure; and

WHEREAS, the District has made strategic operational and financial investments to improve the overall experience and success of the shopping center for both locals and visitors alike; and

WHEREAS, an essential component to this success is the District's ability to secure tenancies quickly to increase occupancy, attract additional foot traffic, and generate higher revenue to the District; and

WHEREAS, one of staff's primary objectives has been to fill the existing vacancies at Seaport Village with new high-caliber tenants with Public Trust compliant uses; and

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WHEREAS, staff seeks the Board of Port Commissioners' (BPC) approval of an ordinance granting a lease to Louisiana Charlie's, LLC (Louisiana Charlie's) an experienced, exceptional fast casual barbeque operator to fill a vacant space located in the Carousel District at Seaport Village; and

WHEREAS, Louisiana Charlie's will fill a key vacancy and generate a positive fiscal impact for the District, increase market demand for the remaining vacancies, and generate momentum and energy for the shopping center as a vibrant, waterfront destination with new and exciting offerings for its visitors; and

WHEREAS, Louisiana Charlie's lease is projected to generate cumulative cash flow to the District of \$517,889 in rent over a 10-year term, a highly competitive internal rate of return (IRR) to the District of 22% with a net present value (NPV) of \$230,797; and

WHEREAS, Louisiana Charlie's lease includes a termination provision which would enable the District to terminate the lease after the fifth lease year in the event of future redevelopment of the Central Embarcadero; and

WHEREAS, staff recommends the BPC adopt an ordinance granting a lease to Louisiana Charlie's.

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

1. That a 10-year lease with Louisiana Charlie's, LLC for an exceptional fast casual barbeque operator located at 849 W. Harbor Drive, Suite W-11B in San Diego, California, is hereby approved.
2. The Executive Director or her designated representative is hereby authorized to execute said lease attached as Attachment C 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: