

**RESOLUTION 2016-139**

**RESOLUTION (A) SELECTING OLIVERMCMILLAN, INC. AS THE FINAL PROPOSER FOR THE EAST BASIN INDUSTRIAL SUBAREA (APPROXIMATELY 35 ACRES OF LAND AND 13 ACRES OF WATER) AND DIRECTING STAFF TO ENTER INTO AN EXCLUSIVE NEGOTIATING AGREEMENT FOR REDEVELOPMENT OF THE EAST BASIN INDUSTRIAL SUBAREA, WITH CONDITIONS; AND (B) SELECTING SUNROAD ENTERPRISES AS THE FINAL PROPOSER FOR THE ELBOW SITE (APPROXIMATELY 9 ACRES) AND DIRECTING STAFF TO ENTER INTO AN EXCLUSIVE NEGOTIATING AGREEMENT FOR REDEVELOPMENT OF THE ELBOW SITE, WITH CONDITIONS**

**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 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**, on July 14, 2015, the Board of Port Commissioners (Board) directed staff to issue a request for Statements of Interest, Qualifications and Vision (SOIQV) for the redevelopment of the East Basin Industrial Subarea of Harbor Island, which consists of approximately 35 acres of land and 13 acres of water, across from the San Diego International Airport's (Airport) former commuter terminal (East Basin Industrial Subarea); and

**WHEREAS**, on October 6, 2015, the Board directed staff to also include a nine-acre land parcel adjacent to the East Basin Industrial Subarea (Elbow Site) collectively increasing the solicitation opportunity to a contiguous 57-acre site; and

**WHEREAS**, the SOIQV was issued on October 26, 2015 and sought development ideas to reimagine the 44 acres of land and 13 acres of water overlooking East Harbor Island and the San Diego Bay; and

**WHEREAS**, on December 29, 2015, staff received six submittals and on April 14, 2016, staff recommended to the Board to advance only OliverMcMillan,

2016-139

Inc. (OM) and Sunroad Enterprises (Sunroad) to a second and final round to refine their vision to concept level, demonstrate their vision aligns with the Board's Integrated Planning Vision (which consists of the Integrated Planning Framework Report accepted by the Board in November 2015 and Integrated Planning Assessment Report, Vision Statement and Guiding Principles accepted by the Board in August 2014), and provide preliminary price and terms (including proposed percentages that would be paid upon a future sale or assignment of the leasehold); and

**WHEREAS**, OM and Sunroad were encouraged to work with, or set aside land for the District to work with Topgolf International, Inc. (Topgolf) as a potential activating use on East Harbor Island; and

**WHEREAS**, on May 5, 2016, based upon the Board's direction to proceed with OM and Sunroad, staff issued a Supplemental Information Request (Supplement); and

**WHEREAS**, OM and Sunroad submitted responses to the Supplement by June 6, 2016; and

**WHEREAS**, staff evaluated comprehensively the responses to the Supplement along with each respondent's initial submittal to the SOIQV (collectively, proposed vision); and

**WHEREAS**, after reviewing and analyzing the proposed visions of OM and Sunroad, OM proposed the highest investment to the tidelands, while creating a site that best aligns with the Integrated Planning Vision with the creation of a distinctive, attractive and appropriately scaled waterfront destination that will increase public access and recreation from both land and water perspectives, as well as achieve planning principles of honoring the water, guaranteeing the public realm and comprehensive goals for completing the Green Necklace; and

**WHEREAS**, OM's proposed vision achieved the best balance of increased revenue and increased public access for the site by creating an urban village at its core; and

**WHEREAS**, staff recommended that the Board select OM as the final proposer and direct staff to negotiate an Exclusive Negotiating Agreement with OM for the 57-acre redevelopment site on East Harbor Island, as the final step to conclude the competitive solicitation process.

**WHEREAS**, in the SOIQV, the District reserves the right to negotiate with any, all, or none of the proposers and to award a lease to one or more proposers; and

**WHEREAS**, the Board has the discretion to accept, modify or reject staff's recommendation.

2016-139

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

1. That OliverMcMillan, Inc. is hereby selected as the final proposer for the East Basin Industrial Subarea (approximately 35 acres of land and 13 acres of water); and
2. That staff is hereby directed to enter into an Exclusive Negotiating Agreement with OliverMcMillan, Inc. for the redevelopment of the East Basin Industrial Subarea; and
3. That Sunroad Enterprises is hereby selected as the final proposer for the Elbow Site (approximately 9 acres); and
4. That staff is hereby directed to enter into an Exclusive Negotiating Agreement with Sunroad Enterprises for a 325 room hotel on the Elbow Site that does not require a Port Master Plan Amendment; and
5. That OliverMcMillan, Inc. and Sunroad Enterprises shall honor the Integrated Planning Vision and incorporate it in their revised concepts; and
6. That OliverMcMillan, Inc. and Sunroad Enterprises shall collaborate on continuity of the design of the entire East Harbor Island site and if needed, share the costs of public infrastructure and shared amenities; and
7. Staff will return to the Board to have a policy discussion regarding the inclusion of the District Administration office building.

APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL

  
By: Assistant Deputy

2016-139

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 8<sup>th</sup> day of September 2016, by the following vote:

AYES: Malcolm, Merrifield, Moore, Nelson, and Valderrama.

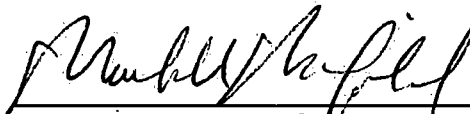
NAYS: Bonelli.

EXCUSED: None.

ABSENT: None.

ABSTAIN: None.

RECUSED: Castellanos



Marshall Merrifield, Chairman  
Board of Port Commissioners

ATTEST:



Timothy A. Deuel  
District Clerk

for

(Seal)