

**DRAFT**

**RESOLUTION 20xx-xxx**

**RESOLUTION AUTHORIZING STAFF TO  
NEGOTIATE AN EXCLUSIVE NEGOTIATING  
AGREEMENT WITH STAY OPEN, INC.**

**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**, based on the direction of the Board of Port Commissioners (BPC), on January 22, 2019, staff issued the Request for Proposals (RFP 18-19ME: San Diego Bay Development Opportunity Lower Cost Overnight Accommodations) (RFP) for the development and/or operation of lower cost overnight accommodations near San Diego Bay; and

**WHEREAS**, the project site identified in the RFP consists of nearly 3 acres on Pacific Highway in the City of San Diego, including an existing 10,000 square foot vacant space within the District's Annex Building and parking lot (Site); and

**WHEREAS**, the Site, adjacent to the Port Administration Building, is ideal for lower cost overnight accommodations due to its proximity to nearby transit and local attractions; and

**WHEREAS**, an information exchange was held on February 4, 2019, which almost 40 interested parties attended; and

**WHEREAS**, the RFP was downloaded by 79 parties and on March 7, 2019, the District received four proposals that included budget/economy, hotel/motel and micro concept accommodations (e.g., capsule/pod) and of those proposals, three were deemed responsive; and

**WHEREAS**, the three proposers deemed responsive were Sleepbox, Inc., Boston, MA (Sleepbox), Shiva Management, Inc., on behalf of Hotel Investment Group (HIG), CaRE Development, LLC, on behalf of Stay Open, Inc., (Stay Open) Los Angeles, CA; and

**WHEREAS**, the four primary evaluation criteria for proposals in response to the RFP were Approach to Project, Project Team and Relevant Experience, Capability to Perform, and Development and/or Operating Proforma; and

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**WHEREAS**, during the last week of March 2019, District staff visited representative sites identified in each proposal and on April 2, 2019 the panel interviewed the three responsive teams; and

**WHEREAS**, the panel debriefed on April 3, 2019, to discuss the proposals, site visits and interviews holistically and based on the evaluation criteria in the RFP, and the interview panel's review of the proposals, District staff concluded Stay Open as the top proposer for this RFP; and

**WHEREAS**, Stay Open's proposal is the most consistent with the District's vision and goals as outlined in the RFP, which staff believes would result in the best strategic approach to providing lower cost overnight accommodations for the District; and

**WHEREAS**, in addition to having the strongest Approach to Project, Stay Open has the strongest Project Team and relevant experience, demonstrated the highest Capability to Perform, and presented the most Comprehensive Development and/or Operating Proforma, thus, making Stay Open's proposal the strongest across the four primary evaluation criteria of the RFP; and

**WHEREAS**, Stay Open also proposed the lowest Average Daily Rate (ADR) of \$37 and the highest rent to the District of per square foot of \$43; and

**WHEREAS**, Stay Open demonstrated the strongest ability to develop and operate lower cost overnight accommodations; and

**WHEREAS**, pursuant to a Memorandum of Agreement (MOA) between the District and the California Coastal Commission (Coastal Commission), the District has collected \$6.3 million in-lieu fees for the development of lower cost overnight accommodations on District Tidelands within the City of San Diego; and

**WHEREAS**, the MOA also requires that the District and Coastal Commission staff work together to identify a project proposal that is eligible to use the funds and once this is done, the District is required to request a determination from the Coastal Commission Executive Director that the proposed project can use the funds; and

**WHEREAS**, District staff and Coastal Commission staff worked closely on the RFP and reviewed the responsive proposals in order to obtain feedback and input from the Coastal Commission regarding the District's intent for the ultimate project to comply with the California Coastal Act's provision regarding lower cost visitor recreational facilities and the possibility to use some or all of the \$6.3 million in-lieu lower cost mitigation fees already paid to the District pursuant to the MOA; and

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**WHEREAS**, when District staff met with local Coastal Commission staff following the interviews to share an update, local Coastal Commission staff indicated that they felt that the Stay Open proposal met the District's goal of developing lower cost overnight accommodations on the Site; and

**WHEREAS**, pursuant to Resolution No. \_\_\_\_\_ adopted by the BPC on May 14, 2019 the District selected Stay Open, Inc. as the successful proposer to RFP 18-19ME; and

**WHEREAS**, Stay Open estimates their due diligence period not to exceed 90 days, during which time staff would begin negotiations on an Exclusive Negotiating Agreement; and

**WHEREAS**, District staff recommends the BPC authorize District staff to negotiate an Exclusive Negotiating Agreement with Stay Open, Inc.; and

**WHEREAS**, the BPC's action does not constitute an "approval" or a "project" under the California Environmental Quality Act (CEQA); the proposed BPC action complies with Section 87 of the Port Act and is consistent with the Public Trust Doctrine; and, the proposed presentation and BPC action do not allow for "development," as defined in Section 30106 of the California Coastal Act, or "new development," pursuant to Section 1.a. of the District's Coastal Development Permit Regulations.

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

That the Executive Director or her designated representative is hereby authorized on behalf of the San Diego Unified Port District to negotiate an Exclusive Negotiating Agreement with Stay Open, Inc. for the development and/or operation of lower cost overnight accommodations of nearly 3 acres on Pacific Highway in the City of San Diego, including an existing 10,000 square foot vacant space within the District's Annex Building and parking lot.

APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL

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By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 14<sup>th</sup> day of May 2019, by the following vote: