

DRAFT**SAN DIEGO UNIFIED PORT DISTRICT****ORDINANCE xxxx****ORDINANCE GRANTING AMENDMENT NO. 2 TO
LEASE WITH SEAPORT ENTERTAINMENT, LLC TO
MODIFY THE RENT PROVISIONS OF THE LEASE
INCLUDING EXTENDING THE RENT
COMMENCEMENT PERIOD FROM JULY 1, 2020 TO
MAY 1, 2021 FOR A PROPOSED FULL-SERVICE
RESTAURANT LOCATED AT SEAPORT VILLAGE
AT 849 W. HARBOR DRIVE, SUITE E3, IN SAN
DIEGO**

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, at its January 2, 2019 meeting, the Board of Port Commissioners (BPC) adopted an ordinance granting a 10-year lease with one 5-year option to extend for a total term of 15 years with Seaport Entertainment, LLC (Tenant), for a full-service restaurant and bar with a “Sam the Cooking Guy” branded concept in Seaport Village; and

WHEREAS, as a result of the impacts from COVID-19 related to the hospitality and tourism industry, and in response to a request by Tenant, staff is proposing an amendment to update some of the business terms of the existing lease; and

WHEREAS, staff has come to an agreement on reasonable modifications to the business terms of the lease that would support a later opening of the restaurant and minimize the risk of adding additional vacancy at Seaport Village and continue to meet the District’s leasing goals; and

WHEREAS, the proposed amendment would enable the District to retain an important new anchor tenant for Seaport Village which will activate the

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Lighthouse District, draw locals and visitors to the shopping center, and catalyze leasing activity throughout Seaport Village; and

WHEREAS, prior to the COVID-19 pandemic, the District made great strides in securing a quality tenant which would help attract more visitors to Seaport Village and move the District one step closer to reinventing Seaport Village and repositioning it for the future; and

WHEREAS, supporting the financial stability of tenants during this time of economic uncertainty is critical to the continued stability of Seaport Village and the District itself; and

WHEREAS, Amendment No. 2 would, among other things, (1) move the latest rent commencement date from July 1, 2020 to May 1, 2021, (2) permit the establishment of interim operations, only with the approval of an independent agreement, (3) an include a modified percentage rent for the first year of operations to provide flexibility to the tenant; and

WHEREAS, with the Amendment No. 2, the District is projected to receive the revenues projected under the original lease; and

WHEREAS, staff recommends the BPC adopt an ordinance granting Amendment No. 2 to the lease with Seaport Entertainment, LLC.

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

1. That Amendment No. 2 with Seaport Entertainment, LLC, for a full-service restaurant located at 849 W. Harbor Drive, Suite E3 in San Diego, California, is hereby approved.
2. The Executive Director or her designated representative is hereby authorized to execute said Amendment No. 2 to lease, attached as Attachment B 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 23rd day of June 2020, by the following vote: