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Title: ORDINANCE GRANTING A THIRTY (30) YEAR EASEMENT TO SAN DIEGO GAS & ELECTRIC COMPANY FOR A SUBSURFACE GAS LINE ON 19TH STREET AND TIDELANDS AVENUE IN NATIONAL CITY, CALIFORNIA

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Date	Ver.	Action By	Action	Result
2/12/2019	1	Board of Port Commissioners	adopted	

DATE: February 12, 2019

SUBJECT:

ORDINANCE GRANTING A THIRTY (30) YEAR EASEMENT TO SAN DIEGO GAS & ELECTRIC COMPANY FOR A SUBSURFACE GAS LINE ON 19TH STREET AND TIDELANDS AVENUE IN NATIONAL CITY, CALIFORNIA

EXECUTIVE SUMMARY:

The Naval Base of San Diego (Naval Base) is located on 32nd Street and East Harbor Drive in National City, California. It is the second largest surface ship base of the United States Navy. The United States Naval Fleet (Naval Fleet) is projecting strong growth over the next five years with more than half of the new vessels homeporting in San Diego. Therefore, the need to upgrade the Naval Base's existing facilities, including the utilities, is pertinent in order to accommodate the growing Naval Fleet.

In December 1995, the San Diego Unified Port District (District) granted an easement¹ to San Diego Gas & Electric Company (SDG&E) for a subsurface gas line (Existing Easement) located on 19th Street and Tidelands Avenue in National City (Attachment A - Location Map). The existing subsurface gas line provides service to the south end of the Naval Base. Due to the projected growth of the Naval Fleet, it has been determined that the existing subsurface gas line will not have the required capacity to adequately service the growing needs of the Naval Fleet. Staff has negotiated a new 30-year easement with SDG&E commencing March 15, 2019 and terminating March 14, 2049, that includes a one-time rent payment to the District of \$51,383.

RECOMMENDATION:

Adopt an Ordinance granting a 30-year easement to SDG&E commencing March 15, 2019 and terminating March 14, 2049, for a subsurface gas line on 19th Street and Tidelands Avenue in National City, California.

FISCAL IMPACT:

The proposed Board action will result in a one-time rent payment to the District in the amount of \$51,383.

This agenda item is subject to Board of Port Commissioners Policy No. 106 - Cost Recovery User Fee Policy.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A thriving and modern maritime seaport.
- A financially sustainable Port that drives job creation and regional economic vitality.
- A Port with a comprehensive vision for Port land and water uses integrated to regional plans.

DISCUSSION:

Naval Base Overview

The Naval Base is located on 32nd Street and East Harbor Drive in National City, California. It is the second largest surface ship base of the United States Navy composed of 13 piers stretched over 1,600 acres of land and 326 acres of water. The Naval Base is the principal homeport of the Pacific Fleet, consisting of over 46 Navy ships, one Coast Guard cutter, seven Military Sealift Command logistical support platforms, several research and auxiliary vessels and 213 tenant commands each having specific and specialized fleet support. The Naval Base's population consists of over 24,000 military personnel and over 10,000 civilians.

The United States Navy is projecting to add an additional 46 ships to the fleet over the next five years with more than half of the new vessels homeporting in San Diego. Therefore, the need to upgrade the Naval Base's existing facilities, including the utilities, is pertinent to accommodate the growing Naval Fleet. The Naval Base has a central steam plant that provides steam to the buildings and piers on the Naval Base. Recently, the Naval Base has determined the need to abandon the existing central steam plant and provide individual steam plants to each building and pier on the Naval Base. These upgrades will accommodate the larger gas pressure needed for the larger vessels arriving in San Diego over the next five years.

Existing Easement

In December 1995, the District granted an easement to SDG&E for a subsurface gas line located on 19th Street and Tidelands Avenue in National City. The existing subsurface gas line provides service to the south end of the Naval Base and Pier 13. After investigating the existing subsurface gas line, it was determined that the composition of the gas line would not be able to withstand the increased pressure required to deliver gas to the new boiler. Therefore, the need to upgrade the existing subsurface gas line is required to keep the Naval Base fully operational and accommodate the

growing Naval Fleet arriving in San Diego.

Proposed Easement

Staff negotiated a new 30-year easement with SDG&E commencing March 15, 2019 and terminating March 14, 2049, that includes rent to the District (Attachment B - Proposed Easement Information Summary). The easement covers approximately 2,042 square feet of tideland area located at 19th Street and Tidelands Avenue in National City. The proposed easement will provide gas service to the new steam plants for each building and pier on the Naval Base.

Staff reviewed all existing sub-surface easements with SDG&E on District Tidelands and found the rates for subsurface easements range from \$0.48 per square foot per year to \$1.18 per square foot per year. Staff negotiated a rental rate of \$1 per square foot per year with annual three percent (3%) increases. In lieu of annual rent payments, SDG&E has agreed to pay the District a one-time rent payment in the amount of \$51,383, which represents the net present value of the rental stream over a 30-year term.

Conclusion

Staff has negotiated a new 30-year easement (Attachment C - Easement) with SDG&E which would support the needs of the United States Navy and generate a one-time rent payment to the District of \$51,383. Therefore, staff recommends the Board adopt an ordinance granting a 30-year easement with SDG&E for a subsurface gas line located on 19th Street and Tidelands Avenue in National City, California.

General Counsel's Comments:

The Office of the General Counsel has reviewed the easement with San Diego Gas & Electric Company for a subsurface gas line which covers approximately 2,042 square feet of located on 19th Street and Tidelands Avenue in National City and approves as to form and legality.

Environmental Review:

The proposed Board action, including without limitation, an ordinance granting a thirty (30) year easement to SDG&E for a subsurface gas line is Statutorily Exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15282 (k) (Other Statutory Exemptions) because the project in question proposes issuance of a real estate agreement for operation and maintenance of an existing subsurface pipeline less than one mile in length within a public street or public right-of-way. No further action under CEQA is required.

In addition, the proposed Board action complies with Section 87 of the Port Act, which allows for the construction, reconstruction, repair, and maintenance of highways, streets, roadways, bridges, belt line railroads, parking facilities, power, telephone, telegraph or cable lines or landings, water and gas pipelines, and all other transportation and utility facilities or betterments incidental, necessary, or convenient for the promotion and accommodation of any of the uses set forth in Section 87. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board direction or action does 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 (CDP) Regulations because it would not result in, without limitation, a physical change, change in use or increase the intensity of use. Therefore, issuance of a Coastal Development Permit or exclusion is not required. However, development within the District requires processing under the District’s CDP Regulations. Future development, as defined in Section 30106 of the Coastal Act, will remain subject to its own independent review pursuant to the District’s certified CDP Regulations, PMP, and Chapters 3 and 8 of the Coastal Act. The Board’s direction or action in no way limits the exercise of the District’s discretion under the District’s CDP Regulations. Therefore, issuance of a CDP or exclusion is not required at this time.

Equal Opportunity Program:

Not applicable.

PREPARED BY:

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Attachment(s):

- Attachment A: Location Map
- Attachment B: Proposed Easement Information Summary
- Attachment C: Easement

¹ Easement with San Diego Gas & Electric Company Bearing District Document No. 33917 dated February 14, 1996