

item 103A

4-4-17

(R-2017-442)

RESOLUTION NUMBER R- 311008

DATE OF FINAL PASSAGE APR 13 2017

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING AND DIRECTING THE EXECUTION OF A CITY OF SAN DIEGO PERCENTAGE LEASE WITH SHORELINE MISSION BAY, LLC, FOR THE LEASE OF CITY-OWNED PROPERTY, COMMONLY KNOWN AS THE SAN DIEGO VISITOR INFORMATION CENTER, LOCATED AT 2688 EAST MISSION BAY DRIVE, SAN DIEGO, CALIFORNIA.

WHEREAS, the City of San Diego owns the real property located at 2688 East Mission Bay Drive, San Diego, California (Property), in Mission Bay Park, consisting of approximately 2.58 acres of land improved with a 4,600 square foot building and adjacent parking lot; and

WHEREAS, the Property was developed by the original lessee, San Diego Visitor Information Center, who leased the Property in 1986 for a 25 year term. The original lease term was renewed in 1995 for 20 years and would have expired by its own terms in 2015; and

WHEREAS, the original lessee requested early termination of the original lease and vacated the Property in 2010. On November 30, 2010, the Council of the City of San Diego, pursuant to Resolution R-306397, authorized the early termination of the original lease and the issuance of a Request for Proposals (RFP) for a new lease of the Property; and

WHEREAS, the City issued an RFP to redevelop and lease the Property in 2011 and received three proposals in response to the RFP. The City entered into negotiations with the selected proposer; however, the selected proposer unilaterally cancelled negotiations in 2012; and

WHEREAS, in 2013, the City issued a second RFP to redevelop and lease the Property and received three proposals in response to the RFP. The City rejected all three of the second

round of proposals because none of the proposals met the City's goals and objectives for the Property; and

WHEREAS, the City issued a third RFP on October 26, 2015, for the rehabilitation, lease and operation of the Property (Current RFP). The City received six proposals in response to the Current RFP; and

WHEREAS, City staff determined that the proposal from Shoreline Mission Bay, LLC, (Shoreline) was made in accordance with the evaluation criteria specified in the Current RFP, and is responsive, responsible, and delivers the best overall value to the City. Based on the foregoing, City staff recommends that the City enter into a percentage lease for the Property with Shoreline; and

WHEREAS, Shoreline proposes to spend approximately \$3,000,000 to redevelop the Property. Shoreline's proposed plans retain the Property's original architecture and will redevelop the Property for use as a waterfront dining location with retail and rental operations to enhance the public's enjoyment of Mission Bay Park, including the rental of bicycles and beach supplies, the sale of refreshments, supplies, and "grab and go" food, and the development of a special event venue; and

WHEREAS, the lease will provide Shoreline with an 18 month redevelopment period that may be extended for up to one additional year to redevelop the Property. If the redevelopment of the Property is not completed within the redevelopment period, the City may terminate the lease; and

WHEREAS, upon completion of the redevelopment of the Property, the lease will continue for a term of 25 years with two additional five year options to extend the lease term; and

WHEREAS, upon completion of the redevelopment period, the annual rent payable to the City will be the greater of the initial minimum annual rent of \$120,000 or a percentage of the gross revenue from all of Shoreline's operations conducted at the Property based on category rates established by an appraisal. The minimum annual rent will be adjusted every five years and the percentage rent rates are subject to adjustment every ten years, all as set forth in the lease; and

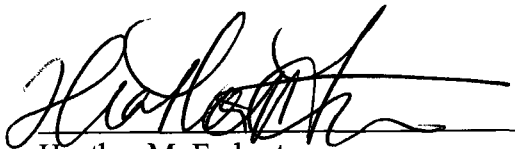
WHEREAS, as consideration for the construction of certain public improvements proposed for the Property, the lease provides Shoreline with a rent credit equal to the actual cost of the public improvements in an amount not to exceed \$450,000. The rent credit will be applied on a monthly basis in an amount up to 50 percent of any monthly rent due until such time as the rent credit is reduced to zero; and

WHEREAS, as appraised by an independent fee appraiser, the market value of the Property is \$2,310,000; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Mayor or his designee is authorized to execute the City of San Diego Percentage Lease with Shoreline Mission Bay, LLC, which is on file in the Office of the City Clerk as Document No. RR- 311008.

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to accept and deposit all lease revenues into General Fund 100000.

APPROVED: MARA W. ELLIOTT, City Attorney

By 
Heather M. Ferbert
Deputy City Attorney

HMF:nja
03/21/17
Or.Dept: READ
Doc. No.: 1462702

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of APR 04 2017.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 4/12/17
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on APR 04 2017, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage APR 13 2017.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

(Seal)

By *Atty Rudy*, Deputy

Office of the City Clerk, San Diego, California
Resolution Number R- <u>311008</u>