

# 201A  
6/24/19

(R-2019-697)

RESOLUTION NUMBER R- 312531

DATE OF FINAL PASSAGE JUN 26 2019

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 NORTHEAST MB, LLC FOR THE LEASE OF CITY-OWNED PROPERTY, COMMONLY KNOWN AS DE ANZA COVE, LOCATED AT 2727 DE ANZA ROAD, SAN DIEGO, CALIFORNIA AND AUTHORIZING AND DIRECTING THE EXECUTION OF A FIRST AMENDMENT TO THAT CERTAIN CITY OF SAN DIEGO PERCENTAGE LEASE WITH CAMPLAND, LLC FOR THE LEASE OF CITY-OWNED PROPERTY, COMMONLY KNOWN AS CAMPLAND ON THE BAY, LOCATED AT 2211 PACIFIC BEACH DRIVE, SAN DIEGO, CALIFORNIA, AND RELATED ITEMS.

WHEREAS, the City of San Diego (City) owns that certain real property consisting of approximately 69.9 acres of land and 6.15 acres of water space, commonly known as De Anza Cove, located in Mission Bay Park at 2727 De Anza Road, San Diego, California (De Anza Property); and

WHEREAS, the De Anza Property has been the subject of several years of litigation and a lengthy resolution process related to use of portions of the De Anza Property as a mobile home park, including suit brought by De Anza Harbor Resort and Golf (DHRG) and its affiliate Terra Vista Management, Inc. in the Superior Court for the County of San Diego. The suit is entitled *De Anza Harbor Resort and Golf v. City of San Diego, et al.*, Superior Court Case No. GIC-821191 (Litigation); and

WHEREAS, portions of the De Anza Property were, and continue to be, operated as a recreational vehicle (RV) park by a City contractor, who elected to terminate its operating contract with the City as of June 30, 2019; and

WHEREAS, City staff negotiated a “City of San Diego Percentage Lease” with Northeast MB, LLC, a California limited liability company (De Anza Lease) as part of a negotiated settlement of the Litigation. Northeast MB, LLC is an affiliate of plaintiffs in the Litigation; and

WHEREAS, City staff negotiated the proposed terms and conditions of the De Anza Lease including use of the De Anza Property for a public camping facility, including RV and tent camping, for a four-year term. The De Anza Lease may be automatically extended by one year if certain improvements are timely completed. Additionally, the De Anza Lease may be extended for up to three one-year options exercisable at the City’s discretion; and

WHEREAS, the De Anza Lease authorizes Northeast MB, LLC to provide certain improvements at the De Anza Property, which include removing the remaining mobile homes, repairing existing roads and landscaping, repairing and reopening the bike and pedestrian paths along Mission Bay, renovating the existing pool, laundry, and recreation building, and altering the existing mobile home sites to accommodate use by up to 150 RVs, all at a cost of approximately \$8,050,000. In consideration of these improvements, Northeast MB, LLC will be eligible for rent credits equal to the actual cost of improvements performed, up to \$8,050,000; and

WHEREAS, as appraised by an independent fee appraiser, the market value of the De Anza Property, if vacant, is approximately \$13,125,000 and the market value of the existing RV Park operating at the De Anza Property is approximately \$25,450,000; and

WHEREAS, the City owns that certain real property consisting of approximately 40.140 acres of land and 5.478 acres of water space, commonly known as Campland on the Bay, in Mission Bay Park at 2211 Pacific Beach Drive, San Diego, California (Campland Property); and

WHEREAS, the City leases the Campland Property to Campland, LLC, a Delaware limited liability company, pursuant to that certain City of San Diego Percentage Lease effective on April 25, 2017, and on file with the San Diego City Clerk as Document No. RR-311006 (Campland Lease). Campland, LLC is an affiliate of plaintiffs in the Litigation and Northeast MB, LLC; and

WHEREAS, the Campland Lease expires in November 2020 and contains two one-year options to extend; and

WHEREAS, City staff negotiated a "First Amendment to Lease Agreement" with Campland, LLC (Campland Amendment) to accommodate certain provisions in the De Anza Lease; and

WHEREAS, the Campland Amendment would extend the term of the Campland Lease through June 30, 2023 and add four one-year options exercisable at the City's discretion. If the De Anza Lease terminates at the conclusion of its fourth or fifth year, the Campland Lease will instead extend automatically for another two years and the number of options will be reduced; and

WHEREAS, the Campland Amendment would also allow Campland, LLC to apply rent credits earned at the De Anza Property to rent owed under the Campland Lease if Northeast MB, LLC timely completes the improvements contemplated in the De Anza Lease and has not applied all of the rent credits earned to rent owed under the De Anza Lease by the time the De Anza Lease terminates; and

WHEREAS, as appraised by an independent fee appraiser, the market value of the Campland Property is approximately \$3,000,000; NOW, THEREFORE,


BE IT RESOLVED, by the Council of the City of San Diego as follows:

1. The Mayor, or designee, is authorized and directed to execute that certain Percentage Lease with Northeast MB, LLC, a California limited liability company, on file in the Office of the City Clerk as Document No. RR- 312531<sup>1</sup> for approximately 69.9 acres of land and 6.15 acres of water space, commonly known as De Anza Cove and described in the Percentage Lease.

2. The Mayor, or designee, is authorized and directed to execute that certain First Amendment to Lease Agreement with Campland, LLC, a Delaware limited liability company, on file in the Office of the City Clerk as Document No. RR- 312531<sup>2</sup>.

3. The Mayor, or designee, is authorized to execute and deliver all such agreements and all other instruments necessary to effect and complete the transaction contemplated by this Resolution and settlement of *De Anza Harbor Resort and Golf v. City of San Diego, et al.*, Superior Court Case No. GIC-821191.

APPROVED: MARA W. ELLIOTT, City Attorney

By   
Heather M. Ferbert  
Deputy City Attorney

HMF:nja:als  
06/10/2019  
Or.Dept: Real Estate Assets  
Doc. No.: 2016711

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 24 2019.

ELIZABETH S. MALAND  
City Clerk

By *Xindabruin*  
Deputy City Clerk

Approved: 6/26/19  
(date)

*Kevin L. Faulconer*  
KEVIN L. FAULCONER, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JUN 24 2019, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<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"/>
Monica Montgomery	<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"/>
Vivian Moreno	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gómez	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**JUN 26 2019**

Date of final passage \_\_\_\_\_.

**(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.

(Seal)

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

By Linda Irwin, Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- **312531**