

**SAN DIEGO UNIFIED PORT DISTRICT**

**ORDINANCE 2777**

**ORDINANCE GRANTING AMENDMENT NO. 5 TO  
THE LEASE WITH THE CHULA VISTA MARINA/RV  
PARK, LTD. DBA CHULA VISTA RV RESORT  
EXTENDING THE EXISTING BUYOUT PROVISION  
TO NOVEMBER 31, 2021 TO ALLOW FOR THE  
IMPLEMENTATION OF THE CHULA VISTA  
BAYFRONT MASTER PLAN**

**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**, Chula Vista Marina/RV Park, Ltd. has a lease with the District for 578,929 square feet of land located at 460 Sandpiper Way in Chula Vista, which expires November 30, 2021, and the property is improved with 237 recreational vehicle spaces and a delicatessen-convenience store and laundry, game room, and meeting facilities; and

**WHEREAS**, the RV Park leasehold is located on the site of the future Harbor District Park and Hotel in the Chula Vista Bayfront (CVB); and

**WHEREAS**, the Chula Vista Bayfront Master Plan (CVBMP) Development Policies requires the District replace all 237 RV/camping pads within the CVB prior to closing the existing RV Park. Within the CVB, two sites are designated for the development of RV parks/campgrounds:

1. Parcel S1, in the Sweetwater District. This parcel is a part of the property that will be provided to the District by Pacifica Companies through a land exchange. The parcel is designated for development in phase 1 of the CVB.
2. Parcels 03A & B in the Otay District. These parcels are a part of the former South Bay Power Plant Site. They are designated to be developed into an RV park in a future phase; and

**WHEREAS**, the District released the Request for Qualifications for the Hotel on June 30, 2014 and received prospective teams' qualification packages on September 8, 2014; and

**WHEREAS**, a short list of up to three teams will be presented to the Board of Port Commissioners (BPC) in the near future. Following the selection of the shortlist, the District will ask the teams to respond to a Request for Proposals (RFP) early next year; and

**WHEREAS**, in anticipation of needing to provide certainty to the teams that the District can obtain site control in the RFP, staff evaluated several options, and as a result requested the RV Park agree to extend the buyout provision in order to provide a backup option, which will give the District a fourth option for implementing the CVB including the Hotel project; and

**WHEREAS** the District will have the following four options:

- Option 1 - RV Park relocation
- Option 2 - Eminent Domain
- Option 3 - Hotel Development post lease expiration
- Option 4 - Buyout RV Park lease; and

**WHEREAS**, the BPC authorized Staff to negotiate with the RV Park to develop a replacement RV park which will further satisfy the California Coastal Commission's requirement to replace the RV stalls before the District develops the Hotel and to provide for the early termination of the RV Park lease. Staff is in the process of negotiating an Option to Lease for the replacement RV park in the CVB, which is the primary option being pursued; and

**WHEREAS**, under a previous development plan, the District amended the RV Park Lease to include a buyout provision that expired on January 12, 2012, and the District's cost of the buyout at that time was based on a February 2006 appraisal performed on behalf of the District using a discounted cash flow analysis; and

**WHEREAS**, in order to demonstrate that the District can obtain site control in the RFP for the Hotel, allow for the construction of the Harbor District Park, and provide adequate time to plan the development of the new RV park, the Tenant has agreed to an extension of the existing buyout provision, at the request of staff, through the term of the RV Park lease, based on the original method and updated financial and market information; and

**WHEREAS**, the buyout may eliminate the potentially costly and timely use of eminent domain, and is based on the termination date and not the notice date.; and

**WHEREAS**, the amount of the buyout for the remainder of the Lease term is as follows:

<u>If Termination Date is During Period</u>	<u>Amount of Compensation</u>
December 1, 2014 - November 30, 2015	\$8,937,628
December 1, 2015 - November 30, 2016	\$8,156,804
December 1, 2016 - November 30, 2017	\$7,239,046
December 1, 2017 - November 30, 2018	\$6,168,964
December 1, 2018 - November 30, 2021	\$4,929,614; and

**WHEREAS**, compensation is capped in the final three years of the Lease term to address the RV Park's concerns; and

**WHEREAS**, the utilization of the buyout in the last two years of the Lease term is unlikely, and would only be used as a last resort, if the BPC determines at that time that it is financially prudent; and

**WHEREAS**, the Amendment also includes a short term extension of five years to the Lease provided that the Hotel project and Harbor District Park have not moved forward by November 30, 2021; and

**WHEREAS**, the short term extension will allow the District to continue to collect rent should we reach this date and allows for termination, at no cost to the District; and

**WHEREAS**, District staff has recommended granting Amendment No. 5 to ensure the District has the ability to gain site control for development of the Hotel and Harbor District Park and allow additional time to negotiate the RV Park relocation.

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

Section 1. Amendment No. 5 to the Lease with the Chula Vista Marina/RV Park, Ltd. dba Chula Vista RV Resort extending the existing buyout provision to November 31, 2021 to allow for the implementation of the Chula Vista Bayfront Master Plan, is hereby granted.

Section 2. The Executive Director or his designated representative is hereby directed to execute said Amendment No. 5 to the lease.

Section 3. This Ordinance shall take effect on the 31<sup>st</sup> day from its passage by the Board of Port Commissioners.

APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL

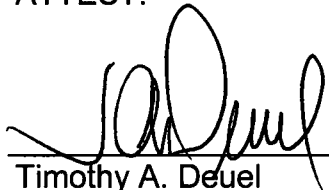
  
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By: Assistant/Deputy

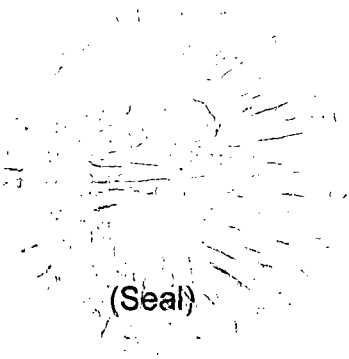
PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 16<sup>th</sup> day of September 2014, by the following vote:

AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, Nelson, and Valderrama.  
NAYS: None.  
EXCUSED: None.  
ABSENT: None.  
ABSTAIN: None.

  
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Robert E. Nelson, Chairman  
Board of Port Commissioners

ATTEST:

  
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Timothy A. Deuel  
District Clerk



(Seal)