

**SAN DIEGO UNIFIED PORT DISTRICT**

**ORDINANCE 2824**

**ORDINANCE AUTHORIZING AMENDMENT NO. 1  
TO LEASE WITH BARTELL HOTELS, A  
CALIFORNIA LIMITED PARTNERSHIP, DBA BEST  
WESTERN ISLAND PALMS HOTEL AND MARINA  
FOR LEASEHOLD LOCATED AT 2051 SHELTER  
ISLAND DRIVE TO UPDATE CURRENT LEASE  
TERMS AND TO INCREASE MINIMUM ANNUAL  
RENT FROM \$672,060 TO \$714,641**

**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**, Bartell Hotels, a California Limited Partnership (Bartell) dba Best Western Island Palms Hotel and Marina (Hotel and Marina), operates a 222-room hotel and marina located at 2051 Shelter Island Drive and 1901 Shelter Island Drive; and

**WHEREAS**, the Hotel and Marina consists of one hotel operating on two separate leaseholds with two separate 50-year District leases; and

**WHEREAS**, the leasehold at 2051 Shelter Island Drive is the 97-room hotel and 198-slip marina (Island Palms) and the leasehold at 1901 Shelter Island Drive (Island Palms West) is the remaining 125-room hotel; and

**WHEREAS**, the Island Palms lease expires in 2048 and the Island Palms West lease expires in 2058; and

**WHEREAS**, under the Administrative Practices of Board of Port Commissioners (BPC) Policy No. 355, the BPC's action allows for a lease clause update and market rent update as a condition to consent to a lease encumbrance; and

**WHEREAS**, the Island Palms lease was last updated through an amended and restated lease in late 2013; therefore, the majority of the lease clauses are current and only sustainable leasing policy was added and insurance language was updated for Amendment No. 1 to the Island Palms lease; and

**WHEREAS**, staff proposes a 6% increase to the minimum annual rent (MAR) for the Island Palms lease from \$672,060 to \$714,641 to bring the rent to market; and

**WHEREAS**, percentage rental rates are consistent with the BPC's adopted percentage rental rates.

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

Section 1. That Amendment No. 1 to Lease with Bartell Hotels, a California Limited Partnership, dba Best Western Island Palms Hotel and Marina for the leasehold located at 2051 Shelter Island Drive to update current lease terms and to increase Minimum Annual Rent from \$672,060 to \$714,641 is hereby granted.

Section 2. The Executive Director or her designated representative is hereby directed to execute said Amendment No. 1 to 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

  
By: ~~Assistant~~ Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 8<sup>th</sup> day of September, 2015, by the following vote:

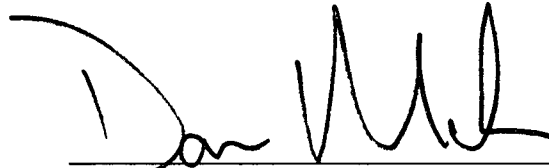
AYES: Bonelli, Malcolm, Merrifield, Moore, Nelson, and Valderrama.

NAYS: None.

EXCUSED: None.

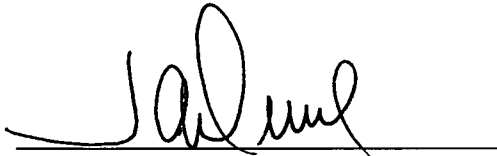
ABSENT: None.

ABSTAIN: Castellanos.



Dan Malcolm, Chairman  
Board of Port Commissioners

ATTEST:



Timothy A. Deuel  
District Clerk

(Seal)