

**SAN DIEGO UNIFIED PORT DISTRICT**

**ORDINANCE 2886**

**ORDINANCE GRANTING THE EXECUTIVE DIRECTOR OF THE SAN DIEGO UNIFIED PORT DISTRICT AUTHORITY UNDER BOARD OF PORT COMMISSIONER'S POLICY NO. 355 TO APPROVE AMENDMENTS TO LEASES IN EXCESS OF FIVE (5) YEARS PROVIDED THAT THE AMENDED TERMS DO NOT REDUCE RENT, INSURANCE OR INDEMNITY OF THE DISTRICT, OR INCREASE THE TENANT'S LEASE TERM, IN ACCORDANCE WITH THE SAN DIEGO UNIFIED PORT DISTRICT ACT, SECTION 21 ORDINANCES AND RESOLUTIONS**

**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 21 of the Port Act authorizes the Board of Port Commissioners (BPC) to pass all necessary ordinances and resolutions for the regulation of the District; and

**WHEREAS**, Section 21 of the Port Act also requires that all grants, franchises, leases, permits or privileges for more than five years shall be made by ordinance of the Board of Port Commissioners (BPC); and

**WHEREAS**, based on the requirements of the Section 21 of the Port Act, changes to leases which require amendments are made by ordinance adopted by the Board; and

**WHEREAS**, BPC Policy No. 355 is updated to allow administrative approval of rent reviews for tenants paying less than \$1,000,000 in annual rent and financing, the lease amendment triggered would still require Board approval, causing the resulting time savings to be minimal; and

**WHEREAS**, due to the amount of lease amendments processed by the Real Estate Development Department, staff requests the Board adopt an ordinance granting the Executive Director the authority to approve amendments to long-term leases as long as there is no reduction in rent, increase in lease term, or reduction in indemnity or insurance coverage; and

**WHEREAS**, granting the Executive Director this authority will eliminate the need for Board approval of routine lease amendments while preserving the District's ability to update the lease; and

**WHEREAS**, the proposed ordinance granting the Executive Director the ability to approve amendments to leases in excess of five years, enable the Real Estate department to realize the full benefit of the time savings afforded by streamlining rent reviews and approval of consents to encumbrances; and

**WHEREAS**, this proposed ordinance would reduce the number of consent items from the Real Estate Development department alone by 35% per year and save more than 160 full time equivalent (FTE) hours per year for staff; and

**WHEREAS**, staff would also provide a list of all amendments administratively approved on a monthly basis to the Board; and

**WHEREAS**, all amendments to rent, term, insurance, and indemnity not to the benefit of the District would still be presented to the Board for approval; and

**WHEREAS**, the Executive Director would reserve the right to bring any amendments to the Board for approval, even if they meet the criteria for an administrative approval.

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

1. That the Executive Director and/or her designated representative is hereby authorized on behalf of the District to approve all amendments to leases in excess of five (5) years that benefit the District, provided that the following terms shall not be amended: reduction in rent, changes to term, reduction in insurance requirements, and reduction to indemnity. All amendments to rent, term, insurance, and indemnity not to the benefit of the District, must be presented to the Board for approval.
2. The Executive Director reserves the right to authorize the Board of Port Commissioners to review and approve amendments to leases at her discretion.
3. The Executive Director shall provide a list of all amendments administratively approved on a monthly basis to the Board of Port Commissioners.
4. 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: Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 10<sup>th</sup> day of January, 2017, by the following vote:

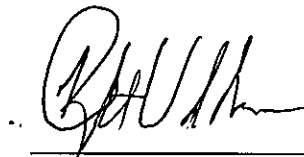
AYES: Bonelli, Nelson, Castellanos, Malcolm, Merrifield, Moore, and Valderrama

NAYS: None.

EXCUSED: None.

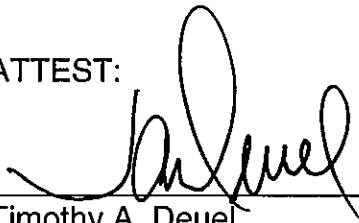
ABSENT: None.

ABSTAIN: None.

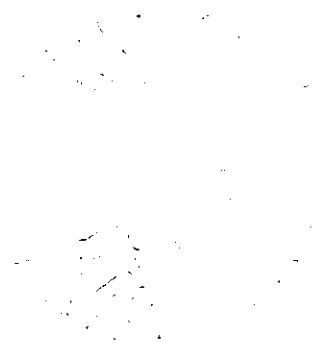


Robert Valderrama, Chair  
Board of Port Commissioners

ATTEST:



Timothy A. Deuel  
District Clerk



(Seal)