

RESOLUTION 2016-152

RESOLUTION ESTABLISHING RENT FOR CRAB ADDISON, INC. DBA JOE'S CRAB SHACK AT THE ROWING CLUB, LOCATED AT 525 EAST HARBOR DRIVE IN THE CITY OF SAN DIEGO FOR THE PERIOD OF NOVEMBER 1, 2016 THROUGH OCTOBER 31, 2021

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 1, (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, the District has a Lease with Crab Addison, Inc. dba Joe's Crab Shack at the Rowing Club (Joe's Crab Shack) located at 525 East Harbor Drive in the City of San Diego; and

WHEREAS, the Lease comprises approximately 1.2 acres and includes a 275 seat restaurant; and

WHEREAS, the Lease provides for an initial twenty-one (21) year term, and ten (10) options to extend the term of two (2) years each, for a total potential term of forty-one (41) years; and

WHEREAS, the Lease commenced on November 1, 1981, and will end on October 31, 2022, if the remaining two options are exercised; and

WHEREAS, pursuant to the Lease, a rent review is required for the period of November 1, 2016 through October 31, 2021; and

WHEREAS, the existing percentage rental rates in the Lease are consistent with the Board of Port Commissioners adopted rental rates and are proposed to remain unchanged; and

WHEREAS, Joe's Crab Shack has paid an average of \$115,232 in concession rent over the past three accounting years; and

WHEREAS, concession rent calculated on current percentage rental rates exceeds the existing Minimum Annual Rent (MAR) of \$77,200; and

WHEREAS, the Board of Port Commissioners Policy No. 355 states that MAR should be set at no less than 75% of market rent as determined by the average of the tenant's previous three accounting years' rental payments; and

WHEREAS, Joe's Crab Shack has agreed to an adjustment of the MAR to \$88,729 per year effective November 1, 2016, which represents a 15% increase over the previous MAR of \$77,200.

NOW, THEREFORE, BE IT RESOLVED that the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That the Executive Director or her designated representative is hereby authorized on behalf of the San Diego Unified Port District to establish existing percentage rental rates to remain unchanged and Minimum Annual Rent to be increased from \$77,200 to \$88,729 for Crab Addison, Inc. dba Joe's Crab Shack at the Rowing Club, located at 525 East Harbor Drive in the city of San Diego for the period of November 1, 2016 through October 31, 2021.

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 13th day of October, 2016, by the following vote:

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

NAYS: None.

EXCUSED: Bonelli.


ABSENT: None.

ABSTAIN: None.



Marshall Merrifield, Chairman
Board of Port Commissioners

ATTEST:



Timothy A. Deuel
District Clerk

(Seal)