

**RESOLUTION 2017-013**

**RESOLUTION AMENDING BOARD OF PORT  
COMMISSIONER'S (BPC) POLICY NO. 355 - REAL  
ESTATE LEASING POLICY AND ADMINISTRATIVE  
PRACTICES - REAL ESTATE LEASING TO  
INCLUDE:**

**I. ADMINISTRATIVE APPROVAL OF ALL RENT  
REVIEWS FOR TENANTS PAYING LESS THAN  
\$1,000,000 IN ANNUAL RENT**

**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 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**, BPC Policy No. 355 Real Estate Leasing Policy and Administrative Practices Real Estate Leasing (collectively, BPC Policy No. 355) is the District's current leasing policy for real estate and maritime assets; and

**WHEREAS**, currently, BPC Policy No. 355 provides that rent reviews for fixed rent tenants paying less than \$250,000 in annual rent and may be administratively approved by the Executive Director, but tenants paying more than \$250,000 in annual rent must have Board approval for rent reviews; and

**WHEREAS**, based on staff's analysis, it takes approximately 46 days and at least 10 hours of staff time per transaction to prepare a routine rent review item for Board approval; and

**WHEREAS**, approximately 90% of the District's tenants pay less than \$1,000,000 in annual rent; and

**WHEREAS**, staff recommends that BPC Policy No. 355 be updated to allow all rent reviews for tenants paying less than \$1,000,000 in annual rent to be administratively approved; and

**WHEREAS**, rent reviews for tenants paying less than \$1,000,000 in annual rent are almost universally approved by the Board on consent; and

**WHEREAS**, if the Board delegated the authority to approve those transactions to staff, the number of consent items calendared for Board approval from Real Estate Development will be reduced by approximately 15% per year; and

**WHEREAS**, BPC Policy No. 355 contains guidelines for determining market rent and conducting rent reviews; and

**WHEREAS**, Staff considers rents and percentage rates paid on comparable properties in addition to economic analysis and appraisals when determining the appropriate rent for a property; and

**WHEREAS**, Staff has managed the District's commercial real estate portfolio to annual revenue increases averaging approximately 4.5% per year over the last five years; and

**WHEREAS**, Staff has access to up-to-date comparable data and utilizes on-call agreements with several professional appraisers when determining the appropriate rent for a leasehold.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Port Commissioners (BPC) of the San Diego Unified Port District, as follows:

That the BPC consents to amending BPC Policy No. 355 - Real Estate Leasing Policy and Administrative Practices - Real Estate Leasing to include administrative approval of all rent reviews for tenants paying less than \$1,000,000 in annual rent.

APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL



By: Deputy

2017-013

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:

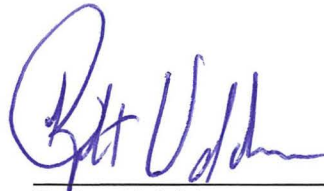
AYES: Bonelli, Nelson, Castellanos, Malcolm, Merrifield, Moore, and Valderrama

NAYS: None.

EXCUSED: None.

ABSENT: None.

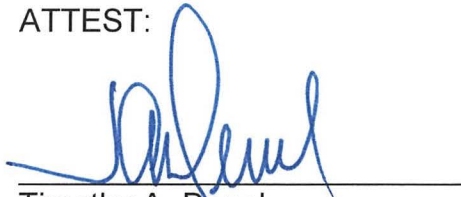
ABSTAIN: None.



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Robert Valderrama, Chair  
Board of Port Commissioners

ATTEST:



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Timothy A. Deuel  
District Clerk

(seal)