

RESOLUTION 2019-144

**PRESENTATION ON TOPGOLF INTERNATIONAL,
INC. DBA TOPGOLF ENTERTAINMENT GROUP AND
RESOLUTION WAIVING THE REQUIREMENT FOR A
COMPETITIVE SOLICITATION PROCESS, AS
PERMITTED BY BOARD OF PORT
COMMISSIONERS POLICY NO. 360, AND
DIRECTING STAFF TO NEGOTIATE AND ENTER
INTO AN EXCLUSIVE NEGOTIATING AGREEMENT
WITH TOPGOLF INTERNATIONAL, INC. DBA
TOPGOLF ENTERTAINMENT GROUP, TO RUN
THROUGH DECEMBER 31, 2020**

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; and

WHEREAS, Board of Port Commissioners (BPC) Policy No. 360 provides that all development proposals be subject to a competitive process, unless the BPC expressly waives (by a majority affirmative vote of four (4) or more), the requirement for a competitive process; and

WHEREAS, in July 2015, the BPC directed staff to issue a Solicitation of Interests, Qualification and Vision (SOIQV) for East Harbor Island to transition the site from its historically industrial use to commercial mixed-use including hospitality, retail and attractions; and

WHEREAS, the SOIQV was issued on October 26, 2015, and sought development ideas to reimagine all or a portion of the 42 acres of land and 13 acres of water overlooking San Diego Bay (EHI Redevelopment Site); and

WHEREAS, on December 29, 2015, staff received six (6) submittals in response to the SOIQV, including a submittal from Topgolf International, Inc. dba Topgolf Entertainment Group (Topgolf); and

WHEREAS, the submittals were subsequently narrowed down to finalists OliverMcMillan, Inc. (OM) and Sunroad Enterprises (Sunroad); and

WHEREAS, the BPC encouraged OM and Sunroad to incorporate Topgolf into their projects or to set aside land in their proposals for the District to work directly with Topgolf; however, neither developer chose to incorporate Topgolf or set land aside for the District; and

WHEREAS, OM was selected for redevelopment of the East Basin Industrial Subarea, as defined in the existing Port Master Plan (PMP), portion of the EHI Redevelopment Site; and Sunroad was selected for redevelopment of the seven (7) acre land parcel adjacent to the East Basin Industrial Subarea, commonly known as the “Elbow Parcel”; and

WHEREAS, the District entered into Exclusive Negotiating Agreements (ENAs) with both OM and Sunroad; and

WHEREAS, the ENA with OM was voluntarily terminated by OM on February 6, 2019 and no project moved forward on the East Basin Industrial Subarea of the EHI Redevelopment Site; and

WHEREAS, Topgolf immediately reached out to staff upon hearing of OM’s withdrawal from the ENA to communicate their continued interest in the EHI Redevelopment Site; and

WHEREAS, Topgolf has nearly two decades of experience developing and operating its unique concept, a proven track record of stimulating growth and development adjacent to its projects, analytics that demonstrate the economic benefit to the District and job growth to the region, and support from stakeholders; and

WHEREAS, an economic impact study prepared by London Moeder concludes that Topgolf would result in a significant regional benefit and direct economic benefit to the District; and

WHEREAS, the Port Master Plan Update (PMPU) process has progressed considerably since the SOIQV was issued; and

WHEREAS, the vision for Harbor Island reflected in the PMPU Discussion Draft is one of balanced uses that “improve the year-round experience of Harbor Island for all visitors”; and

WHEREAS, for the northern area of the EHI Redevelopment Site (generally the East Basin Industrial Subarea in the current PMP), the PMPU Discussion Draft proposes an overlay designation that reflects planned development – the East Harbor Island Planning Area; and

WHEREAS, the East Harbor Island Planning Area is intended to “redevelop underutilized and vacant areas into a distinctive and attractive waterfront” and may include “restaurant, retail, attractions and other activating uses” and there is significant stakeholder interest in bringing new attractions to the region, and Topgolf proposes to redevelop a portion of the East Harbor Island Planning Area with a proven, successful attraction; and

WHEREAS, staff has made significant progress toward understanding the development potential of the EHI Redevelopment Site; and

WHEREAS, staff believes the District has a rare opportunity to bring a best-in-class operation that also fits within the BPC's vision for adding new attractions to the East Harbor Island Planning Area; and

WHEREAS, Topgolf is also consistent with the policies of the PMPU Discussion Draft; and

WHEREAS, based on staff's experience over the last few years, the direction of the PMPU Discussion Draft, Topgolf's proven track record, and progress made with Sunroad on potential development of a 450 room hotel, staff believes that development of a Topgolf facility could not only be a significant attraction in its own right but could also induce demand for other development and de-risk future development within the balance of the EHI Redevelopment Site; and

WHEREAS, for these reasons, staff recommends the BPC waive the requirement for a competitive solicitation process as permitted by BPC Policy No. 360 and direct staff to negotiate and enter into an ENA with Topgolf; and

WHEREAS, the ENA with Topgolf to cover approximately 7 acres of the eastern portion of the East Harbor Island Planning Area; and

WHEREAS, the BPC considered the item during open session on November 5, 2019; and

WHEREAS, the BPC directed staff to engage a consultant to review the EHI Redevelopment Site and Topgolf to identify potential development options for the EHI Redevelopment Site, and to identify where Topgolf would be most appropriately sited; and

WHEREAS, the BPC also directed staff to return to the BPC in approximately six (6) or seven (7) months to present on negotiations with Topgolf and the consultant's research on the EHI Redevelopment Site.

NOW THEREFORE, BE IT RESOLVED that the Board of Port Commissioners (BPC) of the San Diego Unified Port District, hereby waives BPC Policy No. 360 and authorizes and directs the District's Executive Director or her designee to negotiate and enter into an Exclusive Negotiating Agreement with Topgolf International, Inc. dba Topgolf Entertainment Group to run through December 31, 2020; and

BE IT FURTHER RESOLVED that District staff shall engage a consultant to review the EHI Redevelopment Site and identify possible options for redevelopment of the EHI Redevelopment Site, including where Topgolf could be located; and

BE IT FURTHER RESOLVED that District staff shall return to the BPC BPC in approximately six (6) or seven (7) months to present on (1) the status of negotiations with Topgolf, and (2) any research and information prepared by the consultant regarding development of the EHI Redevelopment Site.

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 5th day of November 2019, by the following vote:

AYES: Bonelli, Malcolm, Moore, Valderrama, and Zucchet

NAYS: Merrifield

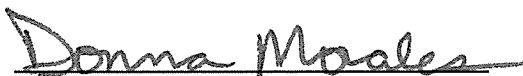
EXCUSED: Castellanos

ABSENT: None.

ABSTAIN: None.


Garry J. Bonelli, Chairman
Board of Port Commissioners

ATTEST:


Donna Morales
District Clerk

