

MINUTES

City of San Diego Park and Recreation Board MISSION BAY PARK COMMITTEE March 3, 2015

Meeting Location:

Santa Clara Point Recreation Center
1008 Santa Clara Place
San Diego, CA 92109

Mailing Address:

Balboa Park Administration
Building
2125 Park Boulevard
San Diego, CA 92101-4792

ATTENDANCE:

Members Present

Paul Robinson
David Potter
William Earley
Darlene Walter
Cynthia Hedgecock
Ron Anderson
Jim Greene
Kevin Konopasek
Giovanni Ingolia

Members Absent

Matt Spencer

Staff Present

Stacy McKenzie

CALL TO ORDER - Chairperson Robinson called the meeting to order at 6:00 P.M.

APPROVAL OF THE MINUTES

IT WAS MOVED/SECONDED (POTTER/ KONOPASEK) AND CARRIED TO APPROVE THE MINUTES OF FEBRUARY 3, 2015 CARRIED UNANIMOUSLY (10-0-0)

NON-AGENDA PUBLIC COMMENT / COMMUNICATIONS

CHAIRPERSONS REPORT - No report

STAFF REPORTS

Liezl Mangonon/Ryan Purdy Council District 2 Representative

Not Present

Stacy McKenzie, District Manager, Mission Bay Park

Ms. McKenzie reported that staff will be holding interviews to hire a new Equipment Technician Operator and seasonal Grounds Maintenance Worker I's for the summertime. Staff concluded interviews for Grounds Maintenance Supervisors and plan to hire two additional supervisors in the near future.

Lieutenant John Sandmeyer, San Diego Lifeguard Service

Life Guard Sergeant, Eric Care, filled in for Lieutenant Sandmeyer. Sergeant Care reported that it had been a busy month. The beach bar vessels were evaluated and sixteen were impounded. The Life Guards recommended non-renewal of permits for several vessels. There were water ski changes on the ski zone at Ski Beach. Life Guards are preparing for Spring Break. Out of seven (7) swimming zones, five (5) will open for Spring Break. On March 19-20, 2015, there will be an exercise "Radiological Nuclear Detection". A sting operation was done on bootleg Jet Ski groups.

Lieutenant, San Diego Police Department, Northern Division - Not Present

REQUEST FOR CONTINUANCE - None

ACTION ITEMS

Consent (These items are adopted without discussion; they can be moved to adoption by any Committee member.)

101. None

Adoption (Each adoption item requires individual action; they can be moved to consent by action of the Committee.)

201. None

SPECIAL EVENT PERMIT REVIEW

Special Events (Special Events that require road or plaza closures, or will potentially impact park and/or commercial operation, are brought to the Committee for a formal recommendation. They can be moved to Consent by action of the Committee.)

301. None

WORKSHOP ITEMS (No actions taken; discussed by the Committee and staff)

401. None

INFORMATION ITEMS

501. Update on Mission Bay Park Leases -Vladimir Balotsky, Supervising Property Agent, Real Estate Assets Department

Currently Mission Bay Park has thirty-five (35) commercial and non-commercial leased parcels. Of those parcels twelve (12) are non-commercial and twenty-three (23) are commercial.

Non-commercial parcels are current, except two (2) which are on month to month holdover. Those are the Boy Scouts lease on Fiesta Island which has been on holdover since November 2012 and the San Diego Rowing Club lease which expired in July 2013. Real Estate Assets Department (READ) received a request for exclusive lease negotiation. This will be presented to the appropriate council committee in April or May of this year. If approved, the lease will be negotiated and presented to the City Council for approval by the end of this year.

Of the twenty-three (23) commercial parcels, twenty-two (22) are leased, except an approximately two (2) acres which was formerly leased to San Diego Visitor Information Center. This property is currently off the market. READ will put it back out for lease through RFP (request for proposals) process as soon as Park and

Recreation Department completes some American with Disability (ADA) improvements. Braemar Partnership (Catamaran Pier) is on a month to month holdover since November 2014. READ has received a request for exclusive negotiations from the existing lessee.

There are a few commercial leases that will expire in the near future. One is the leases is with Sportsman's Seafood. This lease is scheduled to expire in November 2016. Lessee is operating under a short term three (3) year agreement.

Per CP 700-08 the City of San Diego is allowed to lease 25% land and 6.5% water areas in Mission Bay Park. At the moment, total leased land area is 22.2% with approximately fifty-three (53) acres of land available for lease. Total leased water area is 4.4% with approximately forty-seven (47) acres of water to lease.

December 2014, City of San Diego and De Anza Mobile Park reached a settlement agreement that will require that all residents of the mobile park vacate the property by December 2015. In exchange the City contributed \$22M to the residents and approximately \$7M in attorney fees. In December 2015, approximately seventy-seven (77) acres of land and eight (8) acres of water will be conveyed to the City. This property will be available for future redevelopment that will include a public park and a commercial component.

November 2017, the lease agreement with Campland by the Bay will also expire. Currently Campland is leasing approximately twenty (20) acres of land and five (5) acres of water. The Campland site may be designated as a natural preserve or leased in the future.

The next lease that will expire is Wesco Sales Corps which expires 2020. There is no lease extension proposal from the lessee yet. READ anticipates that the lease will be sold to someone since the owner is retired. The City Council approved a one acre development on the adjacent parcel which is currently vacant.

The other expirations for commercial leases are Marina Village 2027, Everingham Brothers Bait Company 2029, Driscoll Mission Bay 2029, Bahia 2053, Dana Inn 2050, Hilton Mission Bay Resort 2045, Hyatt Islandia 2056, Paradise Point Resort 2050, SeaWorld 2048, Mission Bay Sports Center 2031 and Seaforth Sport fishing 2047. There will be a several leasehold redevelopments in Mission Bay. Bahia has potential hotel redevelopment after 2023, Sea World has a new improvement, Blue World with approval process starting this year and Seaforth Sport fishing has a partial dock replacement that will be finished by 2018.

Major non-commercial leases that will expire are Mission Bay Aquatic Center 2023, Mission Bay Yacht Club 2037 and San Diego Mission Bay Boat and Ski Club 2017.

Rent for all commercial leases is based on gross income of different business categories. (With exception of Everingham Bros Bait Company, where rent is flat and is adjusted by CPI every five years) Rent is adjusted either by mutual consent or by appraisal every ten (10) years. Minimum rent is 80 % of the annual average of actual rents paid

or accrued during the three (3) years preceding adjustment date. For Campland and Marina Village, minimum rent is 66 2/3% of rent paid. All not-for-profit lessees pay 33 1/3% of the average commercial rent that is received in Mission Bay Park. Rent is adjusted annually on October 1. Some non-profit lessees are fully or partially exempt from paying rent. Those include Aquatic Center, which pays 10% of gross revenue only for non-collegiate users, San Diego Rowing Club which pays rent only on the portion of the leased property occupied by the club with a portion of the property occupied by colleges exempt. Three (3) other leases are exempt from paying rent: FAA, OMBAC and Boy Scouts on Fiesta Island.

The total lease revenue collected from all Mission Bay Park leases is as follows:

- FY10 - \$24,731,172.00
- FY11 - \$24,184,064.00
- FY12 - \$27,499,823.00
- FY13 - \$30,923,244.00
- FY14 - \$30,066,110.00

502. Sportsmen's Seafood Exclusive Lease Negotiation - Vladimir Balotsky, Supervising Property Agent, Real Estate Assets Department and Joseph Busalacchi, Sportsmen's Seafood

This has been a family operated business since 1956. Their lease ran 1997-2012 and they have been operating on a short term lease 2013-2016. Lessee requesting exclusive lease negotiations for a forty (40) year lease. FY14 rent was \$39,432.00. The lease area is .4 acres of water with improved building, dock, landscaping and parking area. The lease allows for full service restaurant, retail and wholesale of sea food and processing facility, dive shop, rentals, training classes, boat rentals, loading and unloading of fish, passengers and seafood. Staff and the committee recommend renewal.

503. Braemar Partnership, Catamaran Pier Exclusive Lease Negotiation - Vladimir Balotsky, Supervising Property Agent, Real Estate Assets Department David Cherashore, Catamaran Pier

Catamaran Resort Hotel is currently leasing approximately 0.6 acres of land and 0.9 acres of water and has leased since 1962. Lessee is allowed to build and operate the pier for the docking of Bahia sightseeing boats, temporary berthing of boats operated by general public and hotel guests, storage and rental of small boats and watercrafts and sale of food and non- alcoholic beverages. In addition, there is a license and use of occupancy permit that are adjacent to the leased area that allows beach chairs, umbrellas and boat rentals for hotel guests and general public. The ten (10) year lease and license expired November 2014 and is on a month to month holdover. The use permit will expire in August 2016. FY14 rent was \$50,000, rent under license is \$500 per year and under permit \$750 per term or 10 % gross receipts. Lessee has requested to enter to exclusive negotiations to renew the lease, license and permit for an additional ten (10) years with five (5) year option to extend. Staff and the committee recommend exclusive negotiations.

SUB-COMMITTEE

601. None

COMMITTEE MEMBER REPORTS/COMMENTS - The reports are non-debatable.

None

ADJOURNMENT - Chairperson Robinson adjourned the meeting at 6:45 P.M.

Notice of Next Regular Meeting: TBA
Santa Clara Recreation Center
1008 Santa Clara Place
San Diego, CA 92109

Respectfully submitted,

Stacy McKenzie
District Manager, Mission Bay Park

Please Note: This information is available in alternative formats upon request. To request an agenda in Braille, large print or cassette or to request a sign language or oral interpreter for the meeting, call Stacy McKenzie @ 619.235.1154 at least five working days prior to the meeting to ensure availability. Alternative Listening Devices (ALD's) are also available for the meeting, if requested at least five working days prior to the meeting, to ensure availability.