

DRAFT**SAN DIEGO UNIFIED PORT DISTRICT****ORDINANCE xxxx****ORDINANCE GRANTING A 16-YEAR AND THREE-MONTH LEASE TO NATIONAL STEEL AND SHIPBUILDING COMPANY FOR THE LOT 20 TEMPORARY MOORING LOCATION AT 2798 HARBOR DRIVE, SAN DIEGO**

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 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, Section 21 of the Port Act requires that all grants, franchises, leases, permits or privileges for more than five years shall be made by ordinance; and

WHEREAS, National Steel and Shipbuilding Company (NASSCO) has a 50-year lease with the District through December 31, 2040, that is comprised of approximately 79 acres of land and 47 acres of water area located at 2798 Harbor Drive in San Diego (Existing Lease); and

WHEREAS, on September 12, 2023, the Board of Port Commissioners (Board), adopted Resolution No. 2023-081 certifying the Final Environmental Impact Report (FEIR) for the NASSCO Floating Dry Dock Replacement and Waterfront Improvement Project (Project), adopted Resolution No. 2023-082 granting concept approval for the Project, and adopted Resolution No. 2023-083 authorizing the issuance of a non-appealable Coastal Development Permit; and

WHEREAS, the Project includes four distinct elements, including: (1) replacement of the Repair Complex Wharf; (2) repairs to the quay wall and revetment along stretches of shorelines throughout the NASSCO leasehold; (3) as-needed structural repair and/or replacement of selected piles at shipyard berths and piers; and (4) removal and replacement of the existing floating dry dock and construction of supporting infrastructure, including mooring dolphins; and

WHEREAS, while Project elements one through three would occur within NASSCO's Existing Lease, a portion of project element four would occur outside of NASSCO's existing leasehold in water area granted to the District by the State Lands Commission via Senate Bill 507 (SB 507); and

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WHEREAS, specifically, NASSCO would construct a new mooring dolphin outside of their existing leasehold for the purposes of repositioning and securing a floating dry dock on a temporary basis during vessel launches from the ways and building dock, hereinafter collectively referred to as “Lot 20”; and

WHEREAS, since a portion of Lot 20 is located outside of NASSCO’s Existing Lease, the District and NASSCO have negotiated a proposed new 16-year and three-month lease for Lot 20 (Lease) that would be coterminous with the Existing Lease and is attached as Attachment B to the corresponding agenda sheet to which this Ordinance relates; and

WHEREAS, the Lease would consist of approximately 97,018 square feet of water area and would be located immediately west of NASSCO’s Existing Lease (see Attachment C – Lot 20 Location Map to the corresponding agenda sheet to which this Ordinance relates); and

WHEREAS, the Lease would provide rent to the District in the amount of \$162,984 per year (or \$0.14 per square foot/month) which is comparable to neighboring water leases in SB 507 granted water; and

WHEREAS, the Lease would allow the temporary mooring of the drydock during vessel launches only, and this Lease area would remain open to public navigation most of the time, except for when the drydock is in the temporary mooring position; and

WHEREAS, the Lease will allow NASSCO to operate more efficiently by reducing the amount of time and operations required to release newly constructed or repaired vessels into the water from NASSCO’s ways and building docks; however, the Lease would not result in an increase or expansion of NASSCO’s operations and major ship repair and construction work would not occur in the drydock while it is located in the temporary mooring position; and

WHEREAS, staff recommends that the Board adopt an ordinance granting the new Lease to NASSCO for the Lot 20 Temporary Mooring Location.

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

1. The 16-Year and Three-Month Lease for the Lot 20 Mooring Dolphin in substantially the same form as Attachment B to the corresponding agenda sheet to which this Ordinance relates be granted to National Steel and Shipbuilding Company.

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2. The Executive Director or his designated representative is hereby authorized to execute the Lease in substantial form as Attachment B to the agenda sheet to which this Ordinance relates.

3. This Ordinance shall take effect on the 31st day from its passage by the Board of Port Commissioners.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

By: Assistant/Deputy General Counsel

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 10th day of September 2024, by the following vote: