

DRAFT**SAN DIEGO UNIFIED PORT DISTRICT****ORDINANCE xxxx****ORDINANCE APPROVING AMENDMENT NO. 2 TO
FIRST RIGHT TO NEGOTIATE AGREEMENT WITH
LPP LANE FIELD, LLC FOR THE PROPERTY
LOCATED AT 1220 PACIFIC HIGHWAY, IN THE
CITY OF 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 Section 31 of the Port Act authorizes the Board of Port Commissioners (Board) to take all actions necessary and convenient to the exercise of its powers; and

WHEREAS, the District and LPP Lane Field, LLC (Lane Field) are parties to a First Right to Negotiate Agreement (Agreement) that was entered into on April 28, 2014, and amended by Amendment No. 1 on February 15, 2024. The Agreement, as amended, allowed Lane Field to propose a development plan for the property located at 1220 Pacific Highway (Site) (Attachment A – Location Map) within 180 days (Plan Period) of the District providing notice to Lane Field of entering into a Lease Termination Agreement with the Navy, which notification was provided on October 19, 2023; and

WHEREAS, after a development plan is submitted within the Plan Period and the District either approves or disapproves of the development plan, a 270-day negotiating period commences to negotiate an Option to Lease Agreement (Option); and

WHEREAS, upon notifying Lane Field of the Lease Termination Agreement with the Navy, pursuant to the Agreement Lane Field submitted a development plan within the Plan Period which was a mixed-use development of parcels 1 through 4 of the Site. The District ultimately rejected the proposed development plan and notified Lane Field of the commencement of the Negotiating Period for only parcels 3 and 4 of the Site on September 16, 2024, which Negotiating Period is set to expire on June 13, 2025; and

WHEREAS, Lane Field has been diligently working to revise their development plan to reflect a project for parcels 3 and 4 only, and due to the

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additional work needed to revise the development plan, staff is requesting to add 180 days to the Negotiating Period extending the deadline from June 13, 2025 to December 10, 2025; and

WHEREAS, staff is also requesting to amend the Agreement to provide for negotiation of an Exclusive Negotiation Agreement rather than an Option to Lease consistent with current District real estate practices; and

WHEREAS, staff recommends that the Board adopt an Ordinance approving an amendment to the Agreement in substantially the form attached to the agenda sheet to which this Ordinance relates (Amendment No. 2); and

WHEREAS, the proposed Board action, including without limitation, approval of Amendment No. 2, does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Sections 15352 and 15378 because no direct or indirect changes to the physical environment would occur. Any project developed as a result of the proposed Board action requiring the District or the Board's discretionary approval resulting in a physical change to the environment would be analyzed in accordance with CEQA prior to such approval, and therefore, no further CEQA review is required at this time; and

WHEREAS, the proposed Board action complies with Sections 21 and 35 of the Port Act, which allow for the Board to adopt ordinances and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine, and therefore, the proposed Board action is consistent with the Public Trust Doctrine; and

WHEREAS, the proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development, pursuant to Section 1.a. of the District's Coastal Development Permit (CDP) Regulations because there will not be, without limitation, a physical change, change in use or increase the intensity of uses, and therefore, issuance of a Coastal Development Permit or exclusion is not required.

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

1. The Board finds that the facts recited above are true and further finds that the Board has jurisdiction to consider, approve, and adopt the subject of this Ordinance.

2. Amendment No. 2 to the First Right to Negotiate Agreement with LPP Lane Field, LLC for the property located at 1220 Pacific Highway, in the City of San Diego, is hereby approved.

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3. The Executive Director or their designated representative is hereby directed to execute Amendment No. 2 to the First Right to Negotiate Agreement with LPP Lane Field, LLC for the property located at 1220 Pacific Highway, in the City of San Diego, in substantially the form attached to the agenda sheet to which this Ordinance relates.

4. 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 6th day of May 2025, by the following vote: