STAFF REPORT
C58

A	80	10/18/18
		PRC 8054.1
S	40	S. Evans

REVISION OF RENT

LESSEE:
BAE Systems San Diego Ship Repair, Inc.

AREA, LAND TYPE, AND LOCATION:
3.93 acres, more or less, of sovereign land in San Diego Bay, San Diego County.

AUTHORIZED USE:
Continued use and maintenance of one new dry dock mooring dolphin and expansion of one existing mooring dolphin and appurtenant lease area adjacent to Pier 1; a portion of a dry dock facility adjacent to Pier 2; 20 feet by 16 feet mooring dolphin and appurtenant lease area adjacent to Pier 3 and 4; and a portion of the Armed Forces Dock Little Dry Dock Facility and appurtenant lease area adjacent to Pier 4; dredge approximately 153,000 cubic yards of material from land waterward of the U.S. Pierhead Line adjacent to Pier 1; dredge approximately 242,000 cubic yards of material from land landward of the U.S. Pierhead Line adjacent to Pier 1; a portion of return wall located waterward of the U.S. Pierhead Line and adjacent to Pier 1; a portion of a floating dry dock adjacent to Pier 1.

LEASE TERM:
35 years, beginning December 15, 1998.

CONSIDERATION:
This lease provides that the Commission may modify the rent periodically during the lease term. Pursuant to this provision, staff reviewed the rent under this lease and recommends that rent be revised from $207,900 per year to $224,204 per year, effective December 15, 2018.

OTHER PERTINENT INFORMATION:
1.   On December 16, 1998, the Commission authorized a General Lease – Industrial Use to Southwest Marine, Inc., for a term of approximately 35 years beginning December 15, 1998 (Item C89, December 16, 1998). The lease will expire on August 31, 2034.

2.   On December 3, 1999, the Commission authorized an amendment to the lease to allow for the removal of a mooring dolphin and construction and maintenance of a new dolphin, maintenance of a small floating dry dock, and replacement of the Land Description, Exhibit A (C39, December 3, 1999). After this, the Lessee provided notice that the name of the company changed from Southwest Marine, Inc., to BAE Systems San Diego Ship Repair, Inc.

3.   On June 1, 2009, the Commission authorized an amendment to the lease to reauthorize the existing facilities and allow for construction of a new dolphin (C43, June 1, 2009).

4.   On October 19, 2012, the Commission authorized an amendment to the lease to allow for removal of a dolphin and construction of a new dolphin, expanding the lease area, and dredging (C67, October 19, 2012).

5.   On December 18, 2015, the Commission authorized an amendment to the lease to allow for dredging, construction of a new dry dock mooring dolphin, a new dry dock facility, a return wall, and replace the land description (C100, December 18, 2015).

6.   This action is consistent with Strategy 2.2 of the Commission's Strategic Plan to ensure timely receipt of revenues and royalties from the use and development of State lands and minerals.

7.   Approving the revision of rent is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

      Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

EXHIBIT:
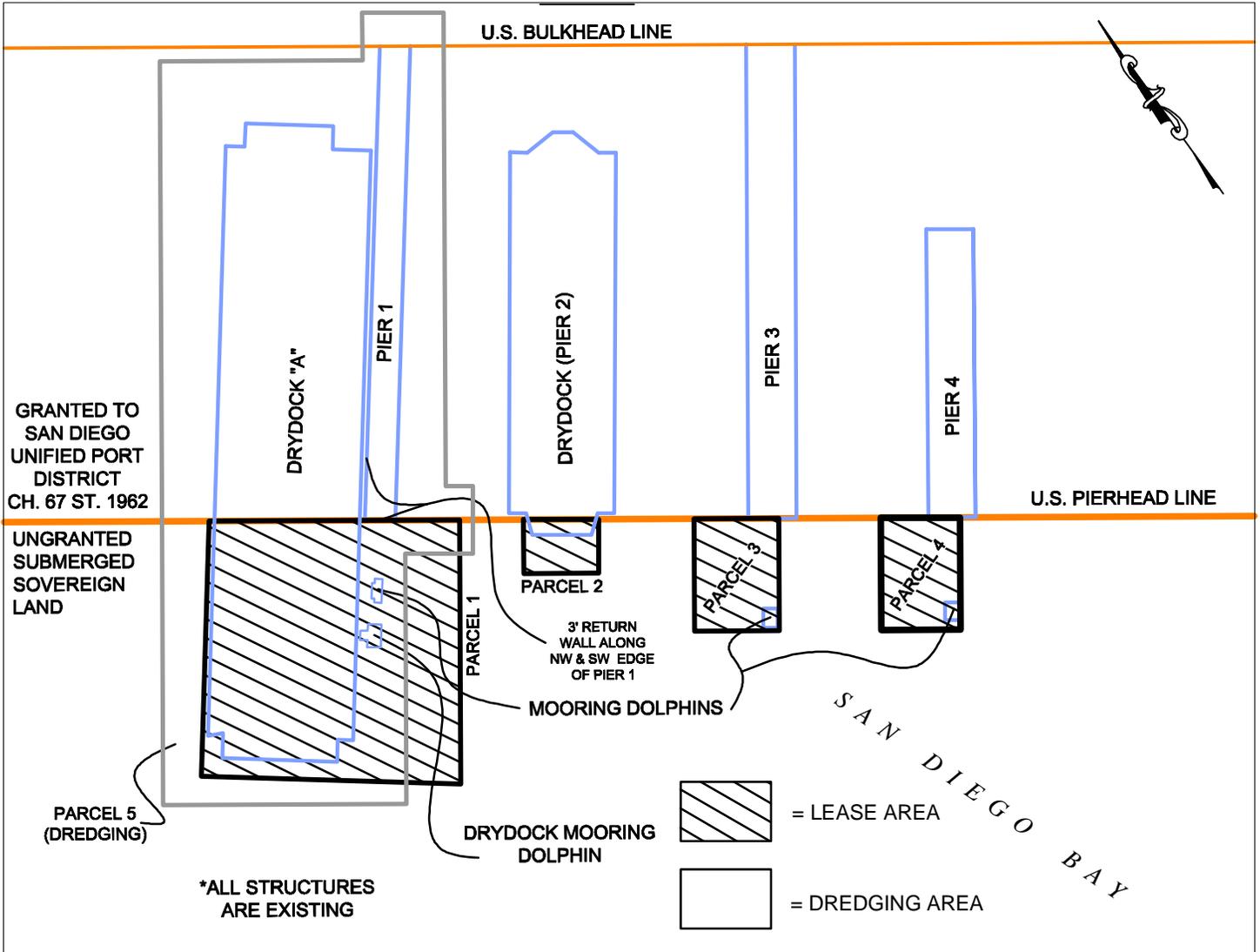A.   Site and Location Map

RECOMMENDED ACTION:
It is recommended that the Commission:

   AUTHORIZATION:
   Approve the revision of rent for Lease No. PRC 8054.1 from $207,900 per year to $224,204 per year, effective December 15, 2018.

SITE

NO SCALE

U.S. BULKHEAD LINE

DRYDOCK "A"

PIER 1

DRYDOCK (PIER 2)

PIER 3

PIER 4

GRANTED TO
SAN DIEGO
UNIFIED PORT
DISTRICT
CH. 67 ST. 1962

UNGRANTED
SUBMERGED
SOVEREIGN
LAND

U.S. PIERHEAD LINE

PARCEL 1

PARCEL 2

PARCEL 3

PARCEL 4

3' RETURN
WALL ALONG
NW & SW EDGE
OF PIER 1

MOORING DOLPHINS

SAN DIEGO BAY

PARCEL 5
(DREDGING)

DRYDOCK MOORING
DOLPHIN

= LEASE AREA

= DREDGING AREA

*ALL STRUCTURES
ARE EXISTING

1427 SAMPSON STREET, SAN DIEGO

LOCATION

NO SCALE

SAN DIEGO

SAN DIEGO BAY

CORONADO

US NAVAL STATION

SITE

MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.
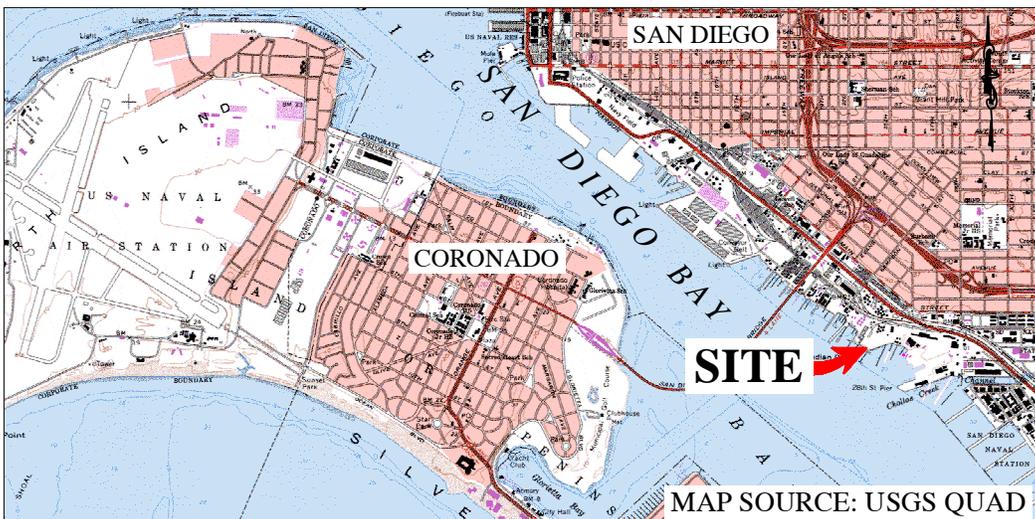
Exhibit A
PRC 8054.1
BAE SYSTEMS
APN 760-022-06
GENERAL LEASE -
INDUSTRIAL USE
SAN DIEGO COUNTY

SITE

MJF 9/04/18