

PORT ORDINANCE NO. 4536

ORDINANCE APPROVING AND AUTHORIZING THE
EXECUTIVE DIRECTOR TO ENTER INTO A
LEASE AMENDMENT WITH SEA-LOGIX, LLC FOR
APPROXIMATELY 5.5 ACRES OF COMBINED
WAREHOUSE, OFFICE AND YARD SPACE FOR A
TERM EXTENDING THROUGH JUNE 30, 2024.

WHEREAS, the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 6.3, dated September 26, 2019 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore

BE IT ORDAINED by the Board of Port Commissioners of the City of Oakland as follows:

Section 1. In acting upon this matter, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, and findings set forth in the Agenda Report and in related agenda materials and in testimony received.

Section 2. The Board hereby finds and determines as follows:

A. The Port originally entered into a lease (the "Lease") for approximately 5.5 acres at 1425 Maritime Street (the "Premises") with Sea-Logix, LLC ("Sea-Logix") in April of 2016; and

B. The initial term of the Lease expired on June 30, 2019. Since then, Sea-Logix and the Port have been negotiating the terms of a Lease amendment. Sea-Logix has been leasing the Premises in holdover status since July 2019; and

C. The Port and Sea-Logix have reached agreement on the terms of an amendment to the Lease ("Lease Amendment") that includes the following material terms and as is further described in the Agenda Report:

1. Term: Effective November 1, 2019, and expiring on June 30, 2024. Contract Years are July 1 to June 30 of the following year.
2. Option to Extend: Sea-Logix will have one option to extend for up to five (5) years through June 30, 2029, subject to the Port's approval. Sea-Logix must provide the Port with a notice of intent to extend no less than twelve (12) months before expiration of the initial term.

3. Compensation: Fixed monthly compensation of approximately \$62,680. Annual rent will increase on July 1, 2020 and each year thereafter by ten percent (10%) of the prior contract year.
4. Compensation During Option Period: If the option is exercised and accepted by the Port, annual rent will increase on July 1, 2024, by an amount equal to the greatest of (a) the percentage increase in the Consumer Price Index over the preceding twelve-month period, (b) three percent (3%) of the annual and monthly rent as of June 30 of the immediately preceding contract year, and (c) the percentage increase in the Port Tariff 2-A rates for land that is paved, lit and fenced.
5. Maintenance: Sea-Logix is responsible for all repair and maintenance, including a detailed annual inspection program for asphalt maintenance and maintenance of landscaped areas.
6. Lighting/Utility Assessment: Starting on November 1, 2019, Sea-Logix will be subject to the Port's Common Area Electric Utility Assessment as set forth in the Port's Tariff 2-A.
7. Environmental Provisions: Sea-Logix has agreed to the Port's form of Environmental Exhibit, including compliance with the Port's environmental and storm water ordinances, the Maritime Air Quality Improvement Plan, the Comprehensive Truck Management Plan, and the Seaport Air Quality 2020 and Beyond Plan.
8. Surrender and Holdover: the Port has the right to fix monthly rent as deemed appropriate if the Lease enters holdover status.

D. The Board hereby finds and determines that the proposed action as described herein, was reviewed in accordance with the requirements of the California Environmental Quality Act ("CEQA"), and the Port CEQA Guidelines. This action is categorically exempt from CEQA pursuant to the Port CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to leases or license and concession agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing.

Section 3. The Board hereby authorizes the Executive Director of the Port ("Executive Director") or his designee to execute the proposed Lease Amendment with Sea-Logix as described herein and as further described in the Agenda Report, subject to approval as to form and legality by the Port Attorney.

Section 4. This ordinance is not evidence of and does not create or constitute (a) a contract, or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this ordinance, is signed as approved as to form and legality by the Port Attorney, and is delivered to the other contracting party, there shall be no valid or effective agreement.

The Board of Port Commissioners, Oakland, California, September 26, 2019. Passed to print for one day by the following vote: Ayes: Commissioners Cluver Colbruno, Lee, Leslie, Martinez, Story and President Butner - 7. Noes: 0.

Daria Edgerly

Secretary of the Board