SUBJECT: POND 20 ECONOMIC DEVELOPMENT FUND ("EDF")

PURPOSE: To establish a policy for the collection and distribution of net revenue received by the San Diego Unified Port District ("District") from mitigation banking or other uses or development which may occur on three defined parcels of Pond 20.

PREAMBLE: The District manages the state tidelands and submerged lands it owns for the benefit and enjoyment of the people of the state of California in accordance with the Port Act.

Over the course of more than 15 years, the District has conducted numerous public outreach processes and professional evaluation to determine the highest and best use of Pond 20, with guidance from a Memorandum of Understanding ("MOU") between the District, the City of Imperial Beach, and San Diego. As a result, the District is determined that a mix of mitigation banking and commercial development is the best use for Pond 20.

The Board of Port Commissioners ("Board") desires to establish the Pond 20 EDF in which to place the District's net revenue from Pond 20 development, after reimbursement to the District for all costs and expenses, and after the District has received a reasonable rate of return. A reasonable rate of return shall be defined on a project-by-project basis when a project is approved by the Board. EDF funds may be spent on economic development and public improvement projects in Imperial Beach and in adjacent portions of the City of San Diego's City Council District in accordance with the Port Act.

BACKGROUND OF POND 20: Pond 20 covers 95.13 acres and is located at the southern end of San Diego Bay in the City of San Diego, adjacent to the City of Imperial Beach.

The site was purchased by the District in October 1998 as part of the 836-acre Western Salt land acquisition. Of the 836 acres, 722 acres were transferred to the State of California as off-site mitigation for the expansion of Lindbergh Field, now called San Diego International Airport, leading to the creation of the South San Diego Bay National Wildlife Refuge. The remaining 114 acres were vested in the District for future development in accordance with the Public Trust. When the San Diego County Regional Airport Authority ("Airport Authority") was established as a separate agency from the District in 2003, State Senate Bill 1896 provided that the District retain...
ownership of 95.13 acres of Pond 20, with reimbursement for the costs of the land to the Airport Authority.

Pond 20 consists of Parcel A, which is 3.10 acres, and Parcel C, which is 7.90 acres, and both have been designated for suitable for commercial development. Parcel B is an 84.13-acre central basin, of which 80 acres have a highest and best use as a wetland mitigation bank. (Exhibit A)

ESTABLISHMENT OF THE EDF: The EDF is hereby established. Annually, the District shall transfer to the EDF all net revenue derived from Pond 20 remaining after reimbursement to the District for all costs, expenses, and reasonable return related thereto. All funds transferred to the EDF shall be equally divided between two sub-funds – one designated for projects in Imperial Beach and one for projects in the adjacent portion of the City of San Diego’s City Council District. Projects funded by the EDF must comply with the criteria and process below.

PROJECT CRITERIA: Projects eligible for the EDF funding must: (1) comply with the Port Act, and (2) generate jobs, or economic benefit, or (3) constitute a public improvement within Imperial Beach and adjacent portion of San Diego’s City Council District.

PROCESS FOR APPLYING FOR THE EDF: EDF project applications may be submitted for funding by the City of Imperial Beach and the City of San Diego Councilmember from the adjacent San Diego City Council District, the Board, and public entities. Each applicant may only submit projects requesting use of the applicable sub-fund. However, joint project applications may be submitted. Applications for EDF funding should present as much information and detail as available to the applicant. At a minimum, applications must include the following:

A) A project description, including a statement of need for the project, amount of EDF funding requested, a budget for the project, and the amount and sources of non-EDF funding, including documented in-kind services;
B) An explanation or description of what economic improvements or public benefit the project is expected to produce; and
C) An explanation for why the amount of EDF funding requested is reasonable in light of the expected return on the investment or the degree of public benefit.

District staff will coordinate with applicants to review and clarify the application prior to consideration by the Board. However, it is the responsibility of the applicant to present as much information as available when completing the application. The funds will be disbursed in accordance with an EDF funding agreement.
EDF PROJECT SELECTION: Applications for EDF support can be proposed at any time after the fund is activated. District staff will review the applications and present them to the Board on a periodic basis.

The District will develop administrative procedures to more fully set forth the application, staff review, and Board presentation process.

All approved EDF projects must obligate funding within 36 months, and the period of performance will be no longer than five years from the date of execution of an EDF funding agreement with the applicant.

Board approval of funding for EDF projects may be subject to further consideration or approval by the State Lands Commission; environmental analysis under the California Environmental Quality Act and other laws; consistency with the Coastal Act; other needed entitlements; execution of an agreement between the District and applicant; and other requirements, as applicable.

REPORTING TO THE BOARD: The Executive Director will report to the Board periodically on the status of approved EDF projects. The report will contain the list of approved EDF projects, funds expended to date, overall EDF fund obligated balance, new projects submitted, and the status of EDF project reviews.

RESOLUTION NUMBER AND DATE: 2015-151, dated November 17, 2015