SAN DIEGO UNIFIED PORT DISTRICT
INTEGRATED PLANNING PORT MASTER PLAN UPDATE
FRAMEWORK REPORT

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I. INTRODUCTION

On August 14, 2015, the Board of Port Commissioners (“Board”) accepted the Integrated Planning Vision, an important milestone in the San Diego Unified Port District’s (“District”) 50-year visioning process as part of its Integrated Planning effort. The Integrated Planning Vision included a Board accepted Vision Statement, Guiding Principles, and Assessment Report. These components reflect a comprehensive public engagement effort and represent a balanced approach to the broad desires and inputs from various interest groups in the region.

The Framework Report completes the final portion of the visioning effort. The Framework Report contains planning ideas in the following key areas: land use, water use, mobility, public access and recreation, natural resources, safety and resilience, environmental justice, and economic development. The Framework Report serves as a guiding document for the comprehensive update to the District’s Port Master Plan.

**Background**

In 1962, the District was entrusted with the tidelands and submerged lands of the San Diego Bay for the people of California. Consistent with goals and policies of Chapter 8 of the Coastal Act, the District was formed “for the acquisition, construction, maintenance, operation, development and regulation of harbor works and improvement . . . and the promotion of commerce, navigation, fisheries and recreation” (Port Act Section 4). Section 87 of the Port Act includes the public trust uses allowed within the District’s jurisdiction, which were promulgated specifically to enable the District to acquire, construct, maintain, operate and develop harbor works and improvements, as well as promote commerce, navigation, fisheries and recreation for all of California. Those uses, include, but are not limited to, the establishment and improvements of harbors, marinas, wharves, docks, piers, slips, quays, hotels, restaurants, parking, commercial and industrial uses, recreational opportunities and all other works for the promotion of commerce and navigation (Port Act Section 87). Pursuant to the Port Act and the public trust doctrine, it is the District’s duty and obligation to develop a balance of such uses. Read together, Chapter 8 of the Coastal Act and the Port Act, recognize the unique role of the District and require the District to continue to develop and modernize Port resources and also maintain and improve those same vital resources for the entire State of California.

Like all ports, the District’s land holdings include a wide range of land uses including maritime, commercial, industrial uses, and public recreation. While a portion of the District’s land holdings are open space and/or conservation areas, the remaining lands are predominately urban in character. These urbanized areas represent a continuum of uses from high-density development to undeveloped parcels. Additionally, much of the urbanized District-owned land is leased to developers and operators and was developed through the issuance of coastal development permits to the same.

**The Port Master Plan**

Similar to Chapter 8 of the Coastal Act, the Port Act requires the District draft, and adopt, a Port Master Plan designating the public trust uses within its jurisdiction (Port Act Section 19). This requirement is intended to assist the District in carrying out its obligation to provide a variety of public trust uses to both the California residents and visitors.

The Port Master Plan Update is intended to proactively and constructively address land use compatibility issues within the District, as well as with adjacent jurisdictions; and be based on a set of long-range planning principles that form a framework for implementing a 50-year vision. By implementing the Port Master Plan the District should help create market opportunities and allow for the development of iconic destinations, while guaranteeing public access, mobility, and preservation of environmental resources.
THE VISION

Vision Process
As a kick-off to the Port Master Plan Update, the Integrated Planning effort was initiated in 2013 and led to the formulation of an “Integrated Planning Vision.” The public engagement process involved a broad spectrum of stakeholders including government agencies, organizations, long-serving waterfront stakeholders, and many first-time participants.

The Vision
On August 12, 2014, the Board of Port Commissioners accepted the final draft of the Integrated Planning Vision, which included a Vision Statement, Guiding Principles, and an Assessment Report. The Integrated Planning Vision was the result of an open and meaningful civic engagement process and an effort to achieve a balance of all Baywide interests. It is reflective of an approach that is holistic and comprehensive. The Assessment Report describes the need to address District planning issues including, but not limited to, existing and future land and water uses, mobility and transportation opportunities, protection and preservation of natural resources, and provision of public access. The Assessment Report also recommends the District gather input from adjacent jurisdictions and interested stakeholders and to provide an economic framework for planning decisions made by the District. These needs are captured in the Vision Statement shown on the opposite page:

Guiding Principles
The Guiding Principles establish the fundamental aspirations that represent what is desirable by the District. As illustrated in the Integrated Planning Vision, the Guiding Principles include: 1) Planning Principles and 2) Values and Standards. The Guiding Principles are not independent, but overlap in many ways.

There are a few basic assumptions concerning the Guiding Principles:

- These principles were developed in the context of the Vision Statement,
- The principles are broadly intended to cover all areas of the Bay, and
- The principles are intended to guide the expectations for development or conservation in the District.
Vision Statement: One Bay, Rich Diversity

Promote the Bay as a central environmental, economic, and recreational resource for all people in the region. At the same time reinforce the differences in character and culture between each of the constituent cities and equitably balance available resources between maritime and commerce, job growth, recreation, the United States Navy and the need to protect and restore natural resources and the protection of public health along with man-made investments. The Port of San Diego should be regarded as a 21st Century, state-of-the-art facility and institution.
PLANNING PRINCIPLES

The Planning Principles are meant to provide guidance to future development actions.

I. HONOR THE WATER

Future decisions shall consider the health of the entire Bay eco-system as a single, multi-faceted entity. Create a water use plan comparable to a land use plan recognizing the value of land assets as a function of their adjacency to different types of water. Use this plan to maximize deep water and dredged resources, recreational opportunities, and natural resource protection. Encourage a variety of activities and entrepreneurial opportunities. Optimize infrastructure for water-dependent uses, including sustaining and growing current commercial activities, organize water transportation routes, guide future decisions regarding infrastructure needs and upland uses adjacent to the Working Port, and integrate natural resources, climate change and water quality policies.

II. GUARANTEE THE PUBLIC REALM

Maximize waterfront access. The waters of San Diego Bay are the region’s precious and shared assets. The design of places along the waters’ edge should respond to multiple and different upland conditions and provides access to the public throughout the Bay in a manner that is meaningful and compatible with adjacent uses. These differences range from the full potential of the North Embarcadero as a major destination, to neighborhood places like Shelter Island and the Chula Vista Bayfront, to the working waterfront and the United States Navy, the United States Coast Guard, and to quiet natural edges along the Silver Strand, Grand Caribe Island and South Bay National Wildlife Refuge.

III. CELEBRATE NATURE AND ECOLOGY

Establish an Environmental Stewardship Strategy. Celebrate the whole Bay as an inter-related marine, estuarine, and bay ecosystem that is valued, managed, protected, and enhanced for its overall impact on biology, economic prosperity, public use, and enjoyment. Promote the careful integration of water, natural resources, open space, and buildings and connectivity of both terrestrial and aquatic habitats.
IV. CREATE A COMPREHENSIVE OPEN SPACE PLAN

Establish a plan for a continuous network that connects existing and new waterfront parks, streets, and other open spaces. Integrate this network with the Bayshore Bikeway, existing waterfront streets, and any existing and future ferry routes. Consider planning, programming, maintenance, and enforcement of new parks and water access provisions when making decisions related to open space.

V. PROVIDE EASE OF MOBILITY ON LAND AND IN WATER

Develop a mobility plan that addresses both land and water transportation in a manner consistent with public health and clean air. Work with appropriate agencies to avoid redundant policies and facilities to create maximum efficiency. Protecting the Bay as a shared navigational waterway is fundamental to the Port and will continue to guide future investments in water transportation. Together, water and land-based transportation infrastructure will help meet the region’s mobility needs as part of a single, coordinated, transportation plan that reduces air pollution and promotes access to the Bay in order to facilitate the region’s commerce, navigation, fisheries, recreation, and environmental preservation needs. Water transportation should address a range from individual swimmers, kayakers, pleasure boaters, fishing vessels, commercial vessels, ferries, water taxis, cargo, cruise, and naval and public safety vessels. Land transport should address a range from pedestrians, bicyclists, shuttles, autos, buses, light rail, and passenger and freight rail.

VI. STREAMLINE THE APPROVAL PROCESS

Create certainty throughout the approval process by improving efficiency and reducing redundancy and time required for action. Create regulations that clearly define what can be achieved without an amendment process. Use the amendment process when hardship and other conditions apply when conformance cannot be achieved. A land use plan should clearly distinguish public land uses from private land use opportunities. Public land uses include streets, parks, waterfront access corridors, easements, and rights-of-way. Private land uses support leasable land opportunities, define acceptable uses, build-out capacities, development requirements, and required mitigation and environmental compliance policies. The project review and approval process should require conformance to the Master Plan. The project review process should fully coordinate with local, state and regional land and water approval agencies to minimize duplication and redundancy. The purpose of implementing a progressive Port Master Plan is to clarify requirements that are flexible, agile, and adaptive to respond to changing economic conditions and needs overtime. Implement and adopt a Port Master Plan that is consistent with the Port Act, State Lands Commission requirements, and the California Coastal Act.
VALUES AND STANDARDS

In development and management of the District’s jurisdiction, the District strives to do business by embracing the same high values and standards throughout the Bay. However, actual application of these standards may vary by specific location.

I. ACHIEVE SOLIDARITY AMONG PARTNERING AGENCIES AND STAKEHOLDERS

Establish a long-range Vision and Master Plan with implementation strategies that represent the interest of all Californians, all five member jurisdictions, California State Lands Commission and California Coastal Commission in a balanced, proactive and deliberate way, which is essential to achieve long term success. As a trustee, the Port has an opportunity and an obligation to meet the needs of the public in the State of California, while protecting the Tidelands resources of San Diego Bay. The role of the Port goes beyond serving as an agent to manage existing assets and extends to the leadership function on behalf of all Californians both current and future.

II. PROMOTE CLEAN AIR, HEALTHY COMMUNITIES, AND ENVIRONMENTAL JUSTICE

Seek to achieve environmental justice which shall be defined as: working to reduce the cumulative health burdens on neighboring communities and ensure fair treatment of people of all races, cultures and incomes in developing, adopting, implementing and enforcing environmental laws, regulations and policies.

III. ENSURE JOB CREATION, PRUDENT ECONOMIC POLICIES, AND FINANCIAL SUSTAINABILITY

Balance economies, available resources and the public good. As the shepherd of public lands and water within the Tidelands, the Port shall require a strategy that outlines investment and costs that consider economic feasibility, long-term financial sustainability and viability for the Port District, broader State and community needs and impacts, while promoting public access, use and enjoyment of the Bay. Utilize balanced and equitable investments in the Tidelands and the public realm in infrastructure improvements to create a value proposition for existing and future economic development, business attraction, growth and public enjoyment of the Bay. Continue to increase revenues and support existing and future entrepreneurial opportunities in concert with Port operations such as Cruise, Cargo and Real Estate opportunities considering a progressive economic and business growth strategy.
IV. PRESERVE THE WORKING PORT AS A DYNAMIC & THRIVING ELEMENT OF THE REGION’S ECONOMY AND CULTURAL HISTORY

The Port’s working waterfront serves an essential role in the region as an economic engine and a job generator. San Diego Bay is designated as a Strategic Port. The United States Navy is a major factor in the San Diego region both economically and for the defense of the United States. It is essential to maintain and enhance maritime capabilities for national defense and logistics support objectives. The Bay’s history as a commercial center and cultural exchange, facilitated by commerce, are historically important and are reflected in the modern industrial facilities located on the Bay’s working waterfront. Protecting the Bay as a shared waterway to promote commerce, navigation, fisheries, national defense, and recreation were foundational to the creation of the Port and will continue to underscore future investment in water-dependent industrial facilities.

V. INCORPORATE STATE OF THE ART SUSTAINABILITY PRACTICES

Consider the long-term impacts of sea level rise and climate change to both land and water resources. Implement principles of resiliency and seek to become a national leader in thought and implementation of these practices. Implement energy conservation and sustainability practices and reduce the dependency on carbon-based energy. Promote the health and sustainability of natural resources, and the growth and proliferation of natural ecosystems. Create a sustainable fiscal budget and update it regularly.
II. OUTLINE OF THE FRAMEWORK REPORT
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Why a Framework Report
This Framework Report has emerged from a comprehensive process of analysis and an investigation of options all informed by extensive public outreach including over 100 stakeholder interviews and several Board meetings. The Integrated Planning Vision Statement and Guiding Principles form the basis for the development of the Framework Report. The Framework Report can be thought of as a “bridge” that informs the next phase in the development of the updated Port Master Plan, including the development of elements, goals and policies. The Comprehensive Ideas will provide the basic foundation for goals, objectives and policies that will be further evaluated in the Port Master Plan Update. The Framework Report will also guide location-specific planning initiatives, such as National City Bayfront, Pond 20 and East Basin Industrial subarea of Harbor Island.

How to Use This Document
This Framework Report is intended to guide the next phase of the Integrated Planning process by describing a core set of comprehensive ideas and concepts covering a broad range of issues. These Comprehensive Ideas and concepts should not be evaluated individually, but considered in a holistic manner. Through this holistic approach, the Port Master Plan Update can optimize the interrelationships among the Comprehensive Ideas and concepts to provide the most effective means for planning and implementing them.

GLOSSARY OF TERMS

Comprehensive Ideas – Initiatives with broad scope or content
Planning Districts – District established boundaries delineated in a manner which groups together tideland properties into identifiable and functional units which conform closely with the boundaries of established gathering units such as Census Tracts.
Baywide Subareas – A smaller geographic area within the larger San Diego Bay. Subareas may share similar topography, intensity of activity, and level of development.
Elements - A component of a comprehensive plan that focuses on a specific topic.
Port Master Plan – The Port Master Plan serves as a long-range plan to establish policies and guidelines for the future development within the coastal zone boundary of the District, as well as to implement the provisions and policies of the California
II. OUTLINE OF THE FRAMEWORK REPORT

I. WHY A FRAMEWORK REPORT

Port Jurisdiction Area = 6,008 Acres (less Airport 675 Acres) = 5,333 Acres

Water Area = 3,520 Acres

Port Land Area = 1,813 Acres

Presently 8%
Presently 22%
Presently 70%

20-25%*
(Estimated)

45-55%*
(Estimated)

15

*Opportunity: Through Integrated Planning, the District can improve the balance between the public realm (parks, open space, infrastructure) and development by looking at these areas collectively and by increasing the overall quality of land and water areas in a systematic way.

1. WATER
2. PARKS
3. INFRASTRUCTURE
4. DEVELOPMENT
Framework Report: Format

At the July 22, 2015 Special Board meeting, it was determined that the District should proceed with updating the Port Master Plan in order to facilitate the streamlining process and incorporate the vision for next 50 years. Following this direction, the Framework Report is organized according to topical chapters or “Elements” describing opportunities and issues as they relate to land use, water use, mobility, public access and recreation, natural resources, safety and resilience, and economic development. The Framework Report does not attempt to formulate the goals or policies for these elements, but rather lay the groundwork for their development in the Port Master Plan Update. Based on the input to be solicited during the Port Master Plan Update phase of the Integrated Planning process, there may be additions and refinements to these elements as the goals and policies are drafted.

This Framework Report is intended to provide guidance and is not a regulatory document or legal standard of review for the actions the District may take to update the Port Master Plan or implement associated development or conservation activities within the District’s jurisdiction. Such actions are subject to the applicable requirements of the Coastal Act, the federal Coastal Zone Management Act, the California Environmental Quality Act, and other applicable laws and regulations as applied in the context of those actions.

The acreage and square footage values and the images associated with the Planning District concepts in Appendix A are intended for illustrative purposes only, simply represent a possible range of development potential and are not binding. A feasibility assessment including, but not limited to, the evaluation of environmental impacts, constraints and estimated costs for development, maintenance, and operations would be performed prior to planning, design, or implementation of any concept or idea illustrated or discussed within the Framework Report.

Framework Report: Geography

In general, the Comprehensive Ideas illustrate ideas that are applicable to the entire Bay. However, in a few instances, the Ideas are discussed or illustrated according to their location in one of three overlapping “Baywide Subareas”: North Bay, Working Waterfront, and South Bay. The three Baywide Subareas are arranged geographically from north to south and differ by their topography, intensity of activity, and level of development. The Baywide Subareas were developed for illustrative purposes only to assist with discussion of planning issues around the Bay. The Baywide Subareas are intentionally meant to overlap and do not represent regulatory boundaries.

THREE PARTS OF THE BAY

- North Bay
- Working Waterfront
- South Bay

Notes regarding Framework Report:

The Comprehensive ideas, location-specific concepts and economic framework discussed and illustrated in this Framework Report may change over time during the drafting of the Port Master Plan Update and are not intended to be binding on the District. Therefore, these concepts should be viewed only as possible options to explore as the District develops the Port Master Plan Update. This is consistent with the District’s Board Policy No. 752: Guidelines for Conducting Project Consistency Review Related to the Integrated Port Master Plan Update, which states:

“It is the policy of the District to ensure that project development proposals be reviewed and/or implemented consistent with the Port Master Plan and other guiding documents and policies while the Port Master Plan undergoes periodic updates. As the Port Master Plan Update is under development, the District shall manage current and future development initiatives in a manner that allows ongoing project review, environmental compliance, and/ or entitlement approvals.”
Framework Report: Appendices

District staff performed a great deal of research to better understand the opportunities, issues, and constraints that should be considered during development of the Framework Report. The results of this research can be found in the Appendices and is valuable information to consider moving forward. While there is a great deal of information, no decisions have been made regarding its incorporation in the Integrated Planning process or update to the Port Master Plan. Furthermore, the Appendices are included for informational purposes only and should not be relied on in any way.

The Appendices contain the Planning District Concepts and the Economic Framework.

Appendix A: Planning District Concepts

The Planning District concepts were developed based upon information gathered during the Visioning Process. They provide a greater level of granularity through illustration and discussion of more location-specific concepts. The location-specific concepts within the Planning Districts should be considered not as projects or proposals, but as illustrations of potential development opportunities in and around the Bay.

Appendix B: Economic Framework

The Economic Framework outlines an Integrated Value Management approach for the District that balances the needs of multiple constituents while continuing to enhance the region, both economically and environmentally. The Economic Framework will provide a set of principles that will be allow the District to respond to economic concerns related to the implementation of the Port Master Plan Update. The Economic Framework may change as the Comprehensive Ideas and location-specific concepts are further refined during the Port Master Plan Update.
III. COMPREHENSIVE IDEAS
III. COMPREHENSIVE IDEAS

A. LAND USE, WATER USE, AND MOBILITY
B. PUBLIC ACCESS AND RECREATION
C. NATURAL RESOURCES
D. SAFETY AND RESILIENCE
E. ECONOMIC DEVELOPMENT

Comprehensive Ideas for the Bay

As part of the Framework Report effort, Comprehensive Ideas that could be applied to the entire Bay were identified and assessed. The Comprehensive Ideas use the Integrated Planning Vision document, information garnered through the workshops, and Board and public input. Extensive public outreach including multiple meetings and workshops explored the public realm, public access, and leasable and developable lands. The result was a series of preliminary planning concepts that explored how to utilize the water, streets, pathways, parks, open space areas, view corridors and some preliminary development in a holistic and comprehensive manner.

Many of the Comprehensive Ideas that are set forth in this report cut across more than one topical category. For example, the idea of the Green Necklace is described under “Public Access & Recreation” as it includes public parks, bicycle and pedestrian trails; however, the Green Necklace would also help to meet some of the land use, water use, and mobility goals that are referenced in the Planning Principles (i.e., “Provide easy mobility on land and water”). It turns out that many of the Comprehensive Ideas can support multiple potential goals and objectives. In reviewing the Vision Statement and Guiding Principles along with the Comprehensive Ideas that are described later in this section, at least three strong cross-connecting themes emerge:

- **Healthy Bay and Healthy Communities** (i.e., natural resource protection strategy, climate change resilience, storm water compliance strategy including “green infrastructure”, and other “Alternative Compliance” strategies, including projects that serve adjoining communities)

- **Smart Mobility** (i.e., specific mobility strategies for each of the three Baywide Subareas, with a strong focus on multi-modal systems and land use integration, and ways that regional infrastructure needs can be planned, funded and built in partnership with other public agencies to assure efficient development and operation of District lands, as well as optimization of public access to the Bay)

- **Regional Economic Engine** (i.e., economic development strategies recommended in the Economic Framework (see Appendix B), along with strategies to streamline and improve certainty in the approval processes).
These cross-connecting themes can help to create a bridge between the District's overall vision for the future of the Bay, and the specific strategies and actions that will be identified in the updated Port Master Plan. In addition, they can help to communicate the opportunities for collaboration among the wide range of stakeholders that have an interest in the future of the Bay and the surrounding areas.

The Comprehensive Ideas, organized in topical sections, may take the shape of policy or goals in the updated Port Master Plan. The policies or goals to be developed may consider the cross-connecting themes so as to provide guidance that fully integrates different planning issue areas and establishes sound planning principles and objectives.
A. LAND USE, WATER USE, AND MOBILITY

The connection between land use and mobility is a fundamental concept for comprehensive planning. Within the District’s jurisdiction, land use, water use, and mobility are inexorably connected. Everything that happens to land use has transportation implications and every transportation action affects land use. Land development generates travel, and travel generates the need for transportation infrastructure, which in turn increases accessibility and mobility options. The District has the opportunity to incentivize development by providing the necessary infrastructure to improve accessibility and mobility. The following sections discuss comprehensive land use, water use, and mobility ideas intended to optimize land uses and water uses, increase public access, and provide mobility options.

LAND USE

The strength of the Bay as a whole is its land-use composition. To build upon and optimize this strength, future development may want to consider how existing land uses, both on and adjacent to the District’s jurisdiction, relate to the local and regional transportation system. Potential factors to consider when considering future land uses are the identification of areas that have the capacity to grow and change, integration with existing and potential transit and roadway circulation system infrastructure and improvements, allow better access along and into the water, guide the growth of water oriented businesses, and consider environmental constraints. The Planning District concepts found in Appendix A, while only illustrative, encourage intensification of employment centers complementing the existing character while preserving the Bay’s natural resources consistent with the Planning Principles and Values and Standards.
A. LAND USE, WATER USE, AND MOBILITY

Comprehensive Land Use Idea:
GREEN NECKLACE

The idea of the Green Necklace is to provide a connected, continuous public greenway surrounding the Bay. While it may change character as it passes through each of the three major parts of the Bay, the ‘architecture’ of the Green Necklace is planned to be a cohesive element, adding to the sense of the Bay as the major entity defining the whole region.

A systematic mapping of streets leading to the water, including street right-of-ways, may set up the framework that will guide the implementation of the vision. This will potentially help guide development of parcels and promote public access to the water. Streets are a vital component of the Green Necklace as they:

1) Provide access to parks, open space, and pathways on the waterfront from adjacent areas not part of the Green Necklace and,

2) Act as connectors between parks and open space. Open space areas can also create a sense of place within the jurisdiction, increase number of visitors, allow better access along and into the water, and help to guide the growth of water-oriented businesses.
A. LAND USE, WATER USE, AND MOBILITY

WATER USE
The District controls more water areas than dry land. Furthermore, the District shares the shoreline with the United States Navy and the United States Coast Guard. The water provides the opportunity to coordinate existing and future maritime uses (which greatly influence Tidelands and upland uses) with deferred and future maintenance and construction needs and environmental policies and enforcement. Appropriately developed water use strategies may include opportunities for enhancing the bay and its shorelines, improving climate resiliency, remediating legacy pollution, and utilizing biological alternatives to improve the health of the Bay. Most importantly, a policy that outlines the future of the water could have a large impact on the value proposition for surrounding jurisdiction and uplands. A well considered water plan may add to the investment possibilities for entrepreneurs and other maritime ventures.

Comprehensive Water Use Idea:

BAYWIDE WATER PLAN
Development of a Baywide Water Plan would reinforce the appropriate use of the water; create sense of place on the Tidelands and uplands; enhance neighborhoods; increase the number of visitors; allow better access along and into the water; guide the growth of water-oriented businesses; and protect, enhance, and improve environments and resources.

Components of a Baywide Water Plan may include:

1) A Recreational Boating Plan
2) A Deep-Water Plan
3) Public Water Transportation Plan
4) A Commercial Boating Plan

Each idea is discussed in more detail on the following pages.
A. LAND USE, WATER USE, AND MOBILITY

WATER USE: RECOMMENDED KEY IDEAS

I. RECREATIONAL BOATING PLAN

Consider instituting a boater friendly plan with emphasis on making waterfront activities on the land easily accessible to boaters who could dock boats and transition to land-based activities.

II. DEEP-WATER CHANNEL PLAN

Consider creating a deep-water channel plan that will form the basis with which to rationalize port expansion.
III. PUBLIC WATER TRANSPORTATION PLAN

Consider establishing a public transportation system in the water including establishment of a taxi/ferry service that supports future development on the Bay.

IV. COMMERCIAL BOATING PLAN

Consider development of a plan for commercial boating, focusing on expansion of new, or improvement to existing, support facilities that are compatible with the variety of boating life on the Bay.
MOBILITY
The circulation system with the District’s jurisdiction includes an interconnected system of roads, public transit routes, rail routes, pedestrian walkways, and bicycle paths.
A. LAND USE, WATER USE, AND MOBILITY

Mobility in Three Parts of the Bay:

The potential for economic growth in the region is linked to the provision of ways to move people, goods and services. There are sea routes that connect the District to ports around the world. There are also air routes from San Diego International Airport that connect the region to the rest of the world. Significant growth in demand is anticipated for both the District and the Airport (Lindbergh Field), and both the District and the San Diego County Regional Airport Authority are preparing plans to expand the capacity of these facilities. The District may be able to leverage those plans to their benefit by strengthening connections and transition nodes, particularly transfers from one mode to another.

1 The San Diego County Regional Airport Authority manages and operates Lindbergh Field. They are a tenant of the District.

The North Bay / Downtown San Diego Subarea has in place an extensive multi-modal transportation system that accommodates passenger vehicles and trucks, pedestrian and cyclist movements, as well as a public transit system that includes commuter rail, light rail, Bus Rapid Transit (BRT) routes and local buses for short and long-distance passenger travel. Historic rail lines carry freight from the District through downtown to points north. Studies and public improvement plans are underway by other jurisdictions and entities that will develop a network of complete streets and connections and access to the existing transit system to serve Downtown and expanded airport operations that will have an impact on the District. One goal is to work closely with these organizations in order for such plans to consider and incorporate whenever possible the needs and impacts to the District. The District may want to consider infrastructure improvements that enhance the connection to the waterfront, optimize existing and future infrastructure connections from upland neighborhoods, and maximize public access to the waterfront in a safe and reliable manner. Provision of adequate parking and consideration of parking management strategies is another mechanism by which to encourage and sustain activity and growth while taking into consideration alternative solutions that utilize parking sites that can accommodate the parking needs of the District while optimizing valuable District land and encouraging public access.
III. COMPREHENSIVE IDEAS MOBILITY

SOUTH BAY

Interstate 5 serves as the major north-south highway corridor through the South Bay Subarea, connecting the San Ysidro International Border Crossing to the Working Waterfront, North Bay, and other points north. There are limited opportunities to access the Bay from the existing circulation systems as Interstate 5 divides the established communities from the water. Therefore, the District may want to consider more connections, similar to the recent extension of H Street in Chula Vista, to encourage activities on the waterfront. In addition, the San Diego Trolley Blue Line is a major north-south light rail transit corridor that connects San Ysidro through Chula Vista and National City to the regional light rail system. Additional regional transit corridors are planned for the South Bay Subarea in the San Diego Association of Government’s Regional Plan.

One possible mobility improvement on the Bay itself could be water taxi service which could connect the South Bay and the North Bay with a small investment in infrastructure. There are also opportunities to promote eco-tourism in the South Bay through improved bicycle and pedestrian routes and other circulation system improvements.

WORKING WATERFRONT

Goods movement and maritime-dependent manufacturing are of primary importance in the Working Waterfront, as demonstrated by the clustering of active maritime cargo, manufacturing and Naval operations in this area. Growth for maritime facilities is partially constrained by freight rail lines and arterial roads that serve to move goods and personnel into and out of the area. These primary transportation arteries are facing capacity limitations. The San Diego Association of Government’s recently updated Regional Plan lays out a future “goods movement strategy” that is intended to improve freight and personnel mobility to and from this area as well as other commercial areas.

Another important issue is the movement of goods to and from the cargo terminals, through the Working Waterfront, and onto major area freeways. A dedicated “Haul Road” for freight and service vehicles separating large trucks, busses and cargo from personal vehicle, pedestrian, and bicycle traffic may improve the efficiency of maritime commerce and mitigate some community concerns, particularly by reducing truck traffic and emissions in adjacent residential neighborhoods.

In addition, while there is already a high use of transit (i.e., light rail) by employees in the Working Waterfront, additional use is constrained in part by transit system capacity limitations in this corridor. These capacity limitations will be addressed through future transit system improvements that are contained in SANDAG’s Regional Plan. Future improvements to transit service in this corridor and potentially shuttle service from transit stations to work sites, may help reduce the reliance on passenger cars for workers and relieve parking pressure.
The District’s jurisdiction, including the land and water, provide ample opportunities for the public to access the waterfront and the Bay for both recreational and non-recreational uses. Public access allows for the use and enjoyment of open space without disturbing the valuable natural resources within the District’s jurisdiction.

Development of the Port Master Plan Update may consider strategies consistent with the Integrated Planning Principle to “Guarantee the Public Realm” and “Maximize Waterfront Access”. Specifically, design of places along the water’s edge provides access to the public throughout the Bay in a manner that is meaningful and compatible with adjacent uses.
B. PUBLIC ACCESS AND RECREATION

Comprehensive Public Access Idea:

AN ACCESSIBLE BAYFRONT

Improved access to, and around, the Bay could provide greater opportunities for the public to engage with the waterfront and the Bay. Greater and easier access will encourage exploration and enhance the experience throughout the Bay. Access may be improved by:

1) Extending the existing street grid to the water’s edge,
2) Physically connecting the developed circulation infrastructure to the local open space network,
3) Linking these elements to a regional open space system,
4) Improving or expanding the open space areas – both the active and passive use areas, and
5) Incorporating design elements to promote or enhance view corridors or “sky windows” that provide visual cues to further connect people to the water.

The result may be a comprehensive system to encourage walking, biking, driving, and other forms of alternative transportation both to, and around the Bay. These improvements are discussed in greater detail on the following pages:

I. STREETS TO THE WATER

The goal is to create links to the waterfront by public streets and sidewalks to increase access to the Bay. Consider judiciously extending streets where optimal, which currently stop short, all the way to the waterfront as shown in the image of Annapolis, Maryland (above). Many future development sites on the waterfront may, as a result, have more direct connection to citywide circulation.
II. PARKS ON THE WATER

The goal is to expand available park space or improve existing parks to provide greater opportunities for the public to access the waterfront and enjoy amenities within and adjacent to these public spaces. Consider providing a variety of gathering spaces for multiple purposes and should be situated in small, medium and large configurations, as well as within and between developed spaces, to create attractive places that appeal to a broad spectrum of users. The District may want to conduct regular assessments of existing and proposed parks and their ability to accommodate a variety of programming options that will encourage activation of these public spaces.

Promenades located along the edge of the waterfront, as well as at key locations through and between buildings or structures may create connections to the water’s edge, as well as linkages to and throughout public park spaces. Consider also drought resistant plantings and allow for potential opportunities to accommodate Municipal Separate Storm Sewer System (MS4) permit “Alternative Compliance” projects.

III. FACILITATE ENJOYMENT OF THE WATER

The goal is to support a variety of activities on the water and the waterfront. Consider a comprehensive program for support structures that provide a variety of services, all adding to the enjoyment of the waterfront. An example of supporting structures include the addition of piers in the Bay to support “Dock and Dine” opportunities.

IV. VIEW CORRIDORS

While direct access to the waterfront is important for a successful Port, there are opportunities to bring the element of the waterfront further into adjacent upland areas through a view of the Bay. A view of the Bay and of the features on or near the water can create awareness and sense of place beyond the immediate waterfront.

To garner a healthy relationship with the Bay and its users, consider, where possible, extending this visibility deep into surrounding communities to create a sense of accessibility to the Bay where physical access may not be possible.
B. PUBLIC ACCESS AND RECREATION

Comprehensive Recreation Idea:

COMPREHENSIVE PARK PLAN

Parks and open space are an important component of the Green Necklace. They act as both destinations and connections between circulation routes and access points. The creation of a comprehensive park plan could guide development of the Green Necklace and provide continuity among the different parks and open space in the Bay. And, while parks would retain their individual identities, design features (e.g., signage) may indicate the parks are part of a larger Baywide system.

Through Integrated Planning, the District can improve the balance between the public realm (parks, open space, infrastructure) and development by looking at these areas collectively and by increasing the overall quality of land and water areas in a systematic way. The opportunity here is the creation of more parkland that could be guided by a comprehensive park vision.

The District’s “open spaces” go well beyond its parks. The District is responsible for the management of approximately 127 acres of additional open space and other natural resources. However, the District does not have a comprehensive park or open space master plan. A comprehensive plan, in coordination with a water plan and a development plan, could provide more parks, more waterfront access, and begin to spread the wealth throughout the North Bay, Working Waterfront, and South Bay Subareas.
San Diego County is known for its incredibly diverse terrain, ranging from the beaches and chaparral near the coast, to the mountains and the desert farther afield. This terrain is what makes the region one of only 35 biodiversity hotspots in the world, meaning areas that have the highest concentration of different species of any geographic area of similar size.

San Diego Bay’s core ecosystem functions are its warm, nutrient-rich, shallow waters, intertidal shorelines, shelter from waves, and relative protection from marine predators. The fragility of the ecosystem may lead to greater vulnerabilities resulting from a changing climate. Through environmental and man-made impacts, in the next 50 years, the diversity of marine species found in this environment will almost certainly be different from today. Therefore, in the development of the Port Master Plan Update, to provide the greatest level of protection and conservation, the San Diego Bay should be viewed as an ecosystem rather than as a collection of individual species or sites or projects.

In recognition of this valuable resource, the District, in partnership with the United States Navy, has developed and adopted a long-term vision and strategy to provide direction for the good stewardship that natural resources require, while supporting the ability of the United States Navy and District to achieve their missions and continue functioning within San Diego Bay. Titled, the “San Diego Bay Integrated Natural Resources Management Plan” (INRMP), the plan utilizes an ecosystem approach looking at the interconnections among all of the natural resources and human uses of the Bay and across ownership and jurisdictional boundaries. Potential development and preservation strategies should utilize the INRMP to ensure the updated Port Master Plan follows the Planning Principles to “Honor the Bay” and “Celebrate Nature and Ecology”.

In addition to its important role in developing and helping to implement the INRMP, as well as other natural resource goals, the District, in collaboration with the County of San Diego, adjoining cities, and other public agencies, under the direction of the San Diego Regional Water Quality Control Board (Regional Board), has recently completed a Water Quality Improvement Plan (WQIP) for the San Diego Bay pursuant to a new Municipal Separate Storm Sewer System (MS4) permit issued by the Board in 2013. This WQIP is designed to make substantial improvements in water quality for both the San Diego Bay and the watersheds that flow into it: Pueblo San Diego (including Chollas Creek), Sweetwater River and Otay River (see Figure 1).

The Regional Board has developed a long-term planning strategy for achieving healthy waters in San Diego Bay (San Diego Bay Strategy). The San Diego Bay Strategy was adopted by the Regional Board in June, 2015. It is a part of the Regional Board’s strategic vision (referred to as the “Practical Vision”) that was adopted in November 2013. The San Diego Bay Strategy is an internal guidance document that will assist Regional Board staff in implementing their Practical Vision for San Diego Bay. The purpose of the Strategy is to guide the Regional Board in using its resources optimally to protect and restore the health of San Diego Bay. In doing so, healthy waters and sediments that support the Bay’s beneficial uses can be achieved. The San Diego Bay Strategy is centered on three key uses: (1) recreation; (2) human consumption of fish and shellfish; and (3) habitats and ecosystems, because these uses can best determine the overall health of the Bay.
Among other things, the WQIP requires that the District and the other co-permittees place strict requirements on new development and redevelopment projects under their jurisdictions that will lead to improved water quality. These requirements have been made substantially more stringent than in previously adopted plans and regulations. However, at the same time the new MS4 permit includes provisions that allow for water quality improvement projects to be constructed off-site. The Permit lists the following as examples of candidate “Alternative Compliance” projects that can be considered:

- Stream or riparian area rehabilitation;
- Retrofitting existing infrastructure to incorporate storm water retention or treatment;
- Regional Best Management Practices (BMP)s;
- Groundwater recharge projects;
- Water supply augmentation projects;
- Land purchases to preserve floodplain functions.

The “Alternative Compliance” provisions of the new MS4 permit will enable the District to identify off-site water quality improvement projects and establishment of “mitigation banks” that can lead to greater certainty in the regulatory process for new development and redevelopment projects within the District’s jurisdiction. At the same time, these provisions allow for the District to work with the other co-permittees to identify projects that will lead to multiple community and environmental benefits, including provision of “green infrastructure,” such as parks, open space areas, “green streets” and parking lots, etc., as well as water supply augmentation and ecological restoration projects, and land acquisitions that can reduce flood risk in areas adjoining rivers and creeks. The District may want to thoroughly explore these opportunities in conjunction with the development of the updated Port Master Plan.
D. SAFETY AND RESILIENCE

SAFETY

There are numerous natural and manmade hazards that have the potential to negatively affect facilities, infrastructure, and sensitive natural resources in the District. These hazards can lead to emergencies or disasters (again, both natural and manmade) potentially increasing dangers to public welfare. Incidents or events include, but are not limited to, fire, flood, earthquake or other soil or geologic movements. The damages to businesses in the District can result in economic consequences to the District (in addition to regional impacts). The time, money and effort to respond to and recover from these disasters divert public resources and attention from other important programs and problems.

Additionally, the District must conform with the applicable Sections of the Coastal Act that protect coastal resources from hazards.

Long-term efficient land-use planning considerations can lead to the eventual overall reduction or elimination of hazard exposure. The District may want to consider drawing upon the District’s San Diego Harbor Safety Plan, in regard to navigational safety of San Diego Bay and its approaches and the San Diego County Multi-hazard Mitigation Plan (MHMP) for the identification of risks and ways to minimize damage by natural and manmade disasters. The MHMP is a comprehensive resource document that serves many purposes such as enhancing public awareness, creating a decision tool for management, promoting compliance with State and Federal program requirements, enhancing local policies for hazard mitigation capability, and providing inter-jurisdictional coordination. While the District is not identified as a participating jurisdiction in the development of the MHMP, the port facilities are identified as critical infrastructure for the jurisdictions in which the District manages land.
RESILIENCE

Climate change is affecting almost every facet of California’s natural and built environment. Increasing global temperatures are causing significant effects at global, regional, and local scales. In the past century, average global temperature has increased by about 0.8°C (1.4°F), and average global sea level has increased by 7 to 8 in (17 to 21 cm) (IPCC 2013). While the California coast regularly experiences erosion, flooding, and significant storm events, climate change and associated sea level rise will exacerbate these natural forces, leading to significant social, environmental, and economic impacts. The District is likely susceptible to the negative effects associated with sea level rise. The District may want to reference new adaptation strategies, the District’s Climate Action Plan, strategies in the INMRP, or more recent, relevant adaptation strategies.

Although the District is ultimately responsible for adapting to climate change and associated impacts (e.g., sea level rise) in the District, its successful implementation requires teamwork across many District departments and participation from District tenants, their customers and stakeholders, the broader community, as well as city, county and resource agencies concerned with San Diego Bay. By building upon previous cooperative and collaborative efforts between the District, State Lands Commission, and the California Coastal Commission ("CCC") (e.g., the CCC’s Sea Level Rise Policy Guidance), the District could advocate for greater regional cooperation with relevant stakeholders including the United States Navy, National Oceanic and Atmospheric Administration, and United States Geological Survey. Through its participation with the San Diego Regional Climate Collaborative, the District can contribute to, and gain valuable information, from regional stakeholders concerned with addressing resiliency issues.
E. ECONOMIC DEVELOPMENT

Unlocking the Value of the Bay

The title of the Vision Statement, “One Bay, Rich Diversity,” is especially relevant when discussing the economic underpinnings of the District. Increasing development and enhancing revenue potential cannot be achieved without substantial consideration of environmental stewardship, strong coordination with member cities and other related jurisdictions, and diversifying the programming and water access for users of all types. Importantly, looking across the fifty year planning horizon, it will be incumbent upon the District to achieve seemingly divergent goals through win-win strategies, and thereby turn the mixed-use diversity of the Bay into an asset. By using the Guiding Principles, the District will have the ability to maintain the balance between different user groups while building upon the many historical successes around the Bay.

As with any assessment or review, certain issues come forth that demand additional consideration and attention. Externally, the District’s economic sustainability is tightly intertwined with that of the region. Creating a framework that increases interaction with regional participants will amplify the return on the District’s capital and resource investments. Internally, the District may wish to consider streamlining and simplifying the development process wherever possible as well as the management of the environment, public realm and shared infrastructure assets. An integrated value management strategy may allow the District to maintain the overall balance of the Bay with consideration for internal and external drivers.

Economic Sustainability

The District plays a large role in the San Diego regional economy. A wide range of employment opportunities, including a robust working waterfront, thriving tourism, and additional benefits associated with the District’s overall investments around the Bay will continue to be a mainstay of the District’s $4.48 annual economic engine. As global and regional market dynamics grow even more complex over the coming years, the District’s planning and development efforts may need to ensure they maintain the capacity and flexibility to withstand cyclical economic downturns while continuing to maintain existing operations and invest for future growth.

The District has developed a wide variety of assets that provide a strong foundation for future growth. For example, the Convention Center provides the District with global visibility and is the hub of significant real estate activity in the area. The long standing working waterfront, with its strong employment base, allows the District to fulfill its mission to promote commerce, navigation, fisheries and recreation on the Bay. Finally, the balanced development plan for the South Bay will provide economic opportunities without jeopardizing the important environmental nexus of the marine and terrestrial habitats.

The District’s existing baseline revenue streams may be strengthened and diversified through future development plans that provide the necessary resources to fund the associated infrastructure and enhancement of the public realm while providing for environmental mitigation where necessary. The long-term nature of the District’s leases and commercial arrangements creates an opportunity to develop multi-use/multi-tenant shared infrastructure strategies that may enhance revenue protection while attracting new partners and supporting tenants long-term business goals.
Going forward, the linear model of the past (in which a single project carried the weight of planning efforts and overall economics) may not optimize development, nor is it likely to achieve the significant potential discussed in this Integrated Planning Program Framework Report. One important objective of the updated Port Master Plan may be to eliminate the potential for a “single parcel” to define entire development planning districts. Since various illustrative development and use concepts such as those set forth in Appendix A impact both the immediate surroundings as well as the overall performance of the District, it is important to insure any proposed development will achieve its key objectives while avoiding critical limitations such as potential incompatible uses, lack of infrastructure and/or inability to generate sufficient demand, etc.

The District may want to consider incorporating development phasing strategies and maintenance funding strategies within the Port Master Plan Update. Integrating the full responsibility of the District and its mission to balance growth with the environment and access to the Bay may create the platform for an evolved pricing and market structure that will allow all District stakeholders to participate in delivering the best possible long-term result for the District and the region.

Streamlining and Enabling the Development Process

A successful planning effort should result in improved clarity and greater certainty in the decision and approval process, leading to an increase in the number potential investors, operating partners, and developers. Through the comprehensive planning effort, one of the District’s primary goals may be unlocking the value of its underdeveloped parcels while at the same time significantly strengthening existing and performing assets. The District may increase the value of its holdings and spur development by enhancing existing policies and tools to streamline and enable the development process. Examples of potential tools include District controlled mitigation banks for storm water management (through “Alternative Compliance” strategies that are now available), integrating existing infrastructure and transportation plans, actively participating in multi-use/multi-tenant development strategies, and providing a framework for programmatic environmental and coastal plan approvals. By developing a clear Port Master Plan Update that contemplates the integration of assets, users, infrastructure and operations may help support environmental compliance, infrastructure investment and maintenance while increasing access to the waterfront and ensuring long-term economic sustainability.

Another positive outcome from a streamlined planning process may be the prioritization of District investment when compared to other regional or national opportunities. This may greatly enhance the District’s value and strengthen its negotiating position with potential partners. The value curve of the development can already be seen in District initiatives such as the Chula Vista Bayfront where the risk and uncertainty has been greatly reduced as a result of clear policies and the District’s strategic partnership with the City of Chula Vista.
APPENDICES
APPENDIX A: PLANNING DISTRICT CONCEPTS
APPENDIX B: ECONOMIC FRAMEWORK
APPENDIX A: PLANNING DISTRICT CONCEPTS

THE PLANNING DISTRICTS

A bird’s eye view of the Bay reveals a diverse geography of natural and man-made conditions that define the area. Geography provides clues to the relationship of the water, with a variety of natural wildlife and marine and estuarine habitat and the man-made elements including water edge development at small, medium and large scales.

From a high level view, these all combine to describe a Bay that is composed of three Subareas: the North Bay, the Working Waterfront and the South Bay. A large part of the charm of the Bay is the mix of uses found in these waters. The Bay supports cruise ships, the United States Navy and United States Coast Guard, a working waterfront, commercial vessels, numerous pleasure boats, commercial private fisherman, and other recreational users. With almost full unanimity, this unique mix of uses and activities should be promoted and supported by any vision moving forward.

The District’s jurisdiction is divided into ten “Planning Districts”. The Planning Districts have been delineated in a manner that aggregates jurisdictional areas into identifiable and functional units that conform closely to the boundaries of established municipal jurisdictions and/or Census Tracts. The Planning District concepts were developed based upon information gathered during the Visioning Process. They provide a greater level of granularity through illustration and discussion of more location-specific concepts.
A. NORTH BAY

PLANNING DISTRICTS:

- SHELTER ISLAND
- HARBOR ISLAND
- CENTRE CITY EMBARCADERO

NORTH BAY

The North Bay is home to downtown San Diego, and includes Harbor Island and Shelter Island to the north. Of the three Subareas, the North Bay has the greatest level of commercial activity, the most intense development, and is a recognizable image for the Bay.

To meet the potential needs for new development, the North Bay will require a different level of supporting infrastructure as compared to the Working Waterfront or the South Bay Subareas. With the City of San Diego’s downtown core located directly adjacent to the District’s lands, there exist great opportunities to increase connections via street grids and integrate smart mobility strategies that connect the waterfront to the regional transportation system to expand opportunities for visitors and workers to move freely about the Bay while being sensitive to the environment and maximizing valuable real estate assets.

As illustrated in the development concepts on the following pages, the North Bay is poised to be one of the greatest areas for potential change in the Bay. With a combination of entitled projects (e.g., Lane Field), location-specific concepts in the planning or design stage, and other potential development concepts – North Bay is positioned to be a hub of activity in the future. For example, the recently completed County Waterfront Park has proven to be a regional attraction providing increased opportunities for recreational activities adjacent to the District’s jurisdiction.

Adjacent to the Centre City Embarcadero Planning District, there exist proposed developments not under control of the District, but will have an impact on the District as a result of the size and location of the development. One such example is the proposed Navy Broadway Complex. Located between Harbor Drive and Pacific Highway from G Street to Broadway, the land abuts the Embarcadero promenade. At ground level, many retail offerings would provide reasons for people to walk from block to block along the promenade. In 2006, the Navy accepted a development proposal from Manchester Financial Group for office (Naval and general), hotel (1,375 keys), museum, 1.9 acres of park space, and 3,100 public parking uses. The District could consider the Navy Broadway Complex, as envisioned by others, as a given in the Centre City Embarcadero Planning District. Another example is the redevelopment plans the San Diego Regional Airport Authority is advancing for the terminal areas and Harbor Drive adjacent to the District’s jurisdiction. The District may be able to influence the treatment of the open space along Harbor Drive so that it can be regarded as part of the regional Green Necklace.
The roundabout at the end of Shelter Island Drive marks a point of arrival on Shelter Island. One vision for this area includes reorienting the areas to towards the water, mass buildings to frame the views as well as to increase visibility and establish a setting that creates premium real estate value as well as opportunities for increased public access. The suggested reorientation of the site is driven by the goal of enhancing waterfront access and open space. Open space here, however, is not directly linked to the regional open space system by virtue of the physical elements of the Island. Shelter Island Drive needs to be reconfigured, perhaps widened, to support a strong physical connection to the Green Necklace. The reorganization establishes visual links to downtown and the Green Necklace.

Potential Land Area: 25 AC – 30 AC
Potential Bldg Area: 250,000 SF (FAR 0.25) – 2,600,000 SF (FAR 2.0)
Potential Open Space: 5 AC – 15 AC

The District could consider the establishment of an open space system here to strengthen the desirable attributes of this location. The goal is to enhance the under utilized potential of this high value asset.
Hotel, marina (1,055 slips) and open space use exists along Shelter Island Drive. A linear park runs along the south side of Shelter Island Drive and provides extensive access to the Bay. The hotel use runs on the north side of Shelter Island Drive and provides access to the basin and the marina located there. Improvement of the open space to increase access with the bay and the basin is envisioned in this area. Expanding restaurant and retail offerings in addition to densifying the hotel sites to enhance investment interest and attract international flag operators is also recommended.

Potential Land Area: 35 AC
Potential Bldg Area: 400,000 SF (FAR 0.25) – 850,000 SF (FAR 0.5)
Potential Open Space: 5 AC – 10 AC

The District could consider establishing the open space system here to strengthen the desirable attributes of this location.
The area is located along Harbor Drive, east of the airport entry and has high visibility from the roadway and broad views across the adjacent harbor and the bay beyond. Hotel, retail, restaurant, and maritime-related and water-dependent public agency use office space uses are envisioned for the site in the future. The redevelopment scheme would include transportation improvements to support the intensity of uses and well-defined passageways to the water from Harbor Drive. Any potential public promenade along the water could bring people to its edge.

Harbor Drive in this area is part of the envisioned Green Necklace. The right-of-way is to be reconfigured to include a bikeway aligned with the regional bikeway system. A public promenade along the water is part of the Embarcadero Planning District open space system.

The relocation of the car rental operations removes revenues to the District. The District could consider bringing a new cluster of development to this site. The gesture would indicate the commitment of the Port to transform the waterfront for higher and better uses and consistently provide waterfront access. Development of this area should consider the vision of the Green Necklace. The District could also establish the configuration of the public realm along Harbor Drive as well as along the waterside of the parcel.
NORTH BAY
PLANNING DISTRICT 2: HARBOR ISLAND
PARKLAND

The parkland on the north side of the Harbor Island West Basin is residual to Harbor Drive. It is too narrow and the terrain is too uneven to support any use other than passive recreation.

The parkland currently provides extensive access to the waterfront by the general public. The addition of touch down areas to put in kayaks would enhance the activities at this segment of the waterfront.

The District could look at this residual land, which cannot support revenue-generating uses, and designate the land as parkland.

Potential Land Area: 18.8 AC
Potential Open Space: 18.8 AC
The number of slips (1,055) in the West Basin marina could be increased. A series of public piers could provide dock and dine opportunities as well as increase access to the water. The public piers are conceived to connect with the public open space on the bay side of Harbor Island.

Potential Water Area: 87 AC

The District could support marina operations and focus on establishing public access to the marinas, as well as creating public open space that is linked to the regional open space system.
The neck of Harbor Island is viewed as the location of hotel, office and retail development. A Sheraton hotel (1,053 rooms) sits on the site currently. Organizing this site to accommodate a well-defined public realm for access between the two basins at Harbor Island is envisioned. New conference halls or other types of similar uses could be considered here to act as a focus on the West Basin.

Potential Land Area: 20 AC – 35 AC
Potential Bldg Area: Up to 1,650,000 SF (FAR 1.2)
Potential Open Space: 5 AC – 20 AC

Suggest organizing the site to allow for mixed development types and to establish permanent public access to the water. All future site improvements may increase access to open space. The District could establish the public realm for access to the water in this location.
The Harbor Island peninsula accommodates a restaurant and the upland facilities of a 550 slip marina. The other side of the peninsula accommodates a restaurant, two hotels and two marinas. Harbor Island is envisioned as a location primarily for hotel and restaurant development to serve air and (potential) sea travelers as well as marinas to serve residents. This is a clear opportunity to increase floor area ratio (FAR) in the area for expanded or demand based uses.

Potential Land Area: 58 AC
Potential Bldg Area: 20,000 SF (FAR 0.01) – 3,500,000 SF (FAR 1.5)
Potential Open Space: 5 AC – 15 AC

Hotel development generally provides limited access to the property for the general public. The District could establish the public realm for access to the water by delineating areas in which public access would be expected to occur.
The site along Harbor Drive occupied by the Coast Guard is an out parcel within the band of the District’s jurisdiction in Downtown. If in the future the Coast Guard were to relocate and vacate the parcel, it would allow the Embarcadero to be extended through to Harbor Island. Laurel Street could continue through the site to the water or, at least, provide a view corridor. The land could support hotel or office or cruise ship use or be entirely a park. In all cases, the open space would connect to the Green Necklace system. The entire purpose of incorporating the Coast Guard parcel is to provide greater and better access to the water. The organization of the site needs to emphasize orientation to the water.

Potential Land Area: 20.6 AC
Potential Bldg Area: 350,000 SF (FAR 0.35) – 750,000 SF (FAR 1.0)
Potential Open Space: 5 AC – 15 AC

If the Coast Guard were to relocate in the future, acquiring the parcel would secure the continuity of the Green Necklace in a segment that is exceptionally narrow.
NORTH BAY
PLANNING DISTRICT 2: HARBOR ISLAND
INLET/CONVAIR LAGOON

The inlet along Harbor Drive between the Coast Guard and East Harbor Island is literally a cut out of a potential continuous band of land that could connect to the Embarcadero. The residual land from the Harbor Drive right-of-way is extremely narrow. The inlet contains capped contaminants on the harbor floor. There may be a time when the inlet could be filled (partially or in full) to allow the Embarcadero to be extended through to Harbor Island. The new land could support hotel, office, or cruise ships along with public spaces. In all cases, the open space would provide ample room for this segment of the Green Necklace.

Potential Water Area: 5 AC – 10 AC
Potential Land Area: Up to 5 AC
Potential Bldg Area: Up to 550,000 SF (FAR 3.25)
Potential Open Space: Up to 1.5 AC

The District could actively seek approvals to fill the inlet. Getting the inlet filled may secure the continuity of the Green Necklace in a segment that is exceptionally narrow or provide additional revenue opportunities.
The linear nature of Harbor Island supports the docking of cruise ships. This could be an alternative location if the cruise ship terminal would be relocated. The site offers room to increase capacity. Ships can line the entire length of the island. Locating the cruise ship port nearby the airport promotes a synergy for business, as well as brands the District. The Harbor Island location would seem to offer great possibilities to create open space link to a larger system.

Potential Land Area: 21.2 AC
Potential Bldg Area: 50,000 SF (FAR 0.5) – 850,000 SF (FAR 1.0)
Potential Open Space: 1 AC – 2 AC

The District could regularly revisit the cruise ship operations impact on developments within the Centre City Embarcadero Planning District. Currently, there is a lack of a near or medium-term demand driver. When the other uses predominate and impinge on the cruise ship operations, the operations could be relocated. Or, if the operations wish to grow and need more space, relocating to Harbor Island could be one alternative.
The current Seaport Village is in the core of the Centre City Embarcadero Planning District. It has the vantage of a bend in the land that provides two different long vistas across the bay. The parcel is also where the street grid shifts and presents opportunities for prominent structures to be the landmarks in view from several upland points. It is envisioned that Kettner St. and Pacific Highway extend through to the water’s edge to provide absolute public access to this important point on the bay.

This area inherently has a lot of frontage on the water (2,085 linear feet). Though a continuous promenade exists, the area is not currently organized to optimize public access to the water. With the right organization, public access via streets as well as bikeways and walkways can increase access two-fold, if not more.

The open space in the future vision could be expanded and strongly connected to the Green Necklace by creating a large, multi-purpose public space. The promenade along the water could be increased in width. The configuration of the area would address the existing Embarcadero Marina Park North. Kettner St. and Pacific Highway extend through to the water’s edge to provide absolute public access to this important point on the bay. Redevelopment opportunities for the area could include a waterfront arts and entertainment district, regional attractions, significant architectural elements or features, signature art pieces, hotel, retail and restaurant uses. The District could actively work together with the City of San Diego and other stakeholders to make the infrastructure improvements for public access via streets as well as bikeways and walkways and improvements to Kettner St. and Pacific Highway with strong linkages to planned mobility hubs.
A potential “Entertainment District” could be located at the area between Harbor Drive and Pacific Highway from G Street up to Ash Street (the County Park). The land abuts the Embarcadero promenade. Immediate access to open space provides high visibility and exposure to potential high volumes of foot traffic desired by many businesses. Several buildings (of differing height) forming a new iconic skyline for Downtown San Diego are envisioned. At ground level, many retail offerings would provide reasons for people to walk from block to block along the promenade. This area is well suited for hotel use with adjacencies to the bay, open space network and downtown attractions.

The district currently provides access to the water only from upland areas via Broadway and Ash Streets. There is a potential to increase access by extending existing streets. Lane Field site organization indicates a through block passage and a 150 foot wide open space along Harbor Drive. The plans for Navy Broadway indicate E, F and G Streets extending to Harbor Drive to increase access to the waterfront.

Potential Land Area: 41.7 AC
Potential Bldg Area: Up to 21,000,000 SF (FAR 6)
Potential Open Space: Up to 5 AC

Entitlements were secured for development at Lane Field (5.7 ac) in the District in 2015. The Navy Broadway Project (16 ac), which is not within the District’s jurisdiction, is anticipated to be entitled and permitted by 2016. The buildout of these developments may be completed within 5 years and have a useful life of 30–50 years. The 20 acres north of Lane Field have supported hotel use since the 1970s. The buildings are currently being upgraded. The District has no other landside property to develop within this entertainment district. More hotels would drive more revenues to the District. Hotels in this district would attract a different customer than the hotels adjacent to the convention center. The District could actively work together with the City of San Diego and other stakeholders to increase access by extending existing streets.
Lane Field is located between Harbor Drive and Pacific Highway on the north side of Broadway. The parcel has been used as surface parking for the cruise ships since the 1960s. Development entitlements for two hotels have been secured. One hotel will be a mid-rise building with mid-price offerings and 400 rooms (Lane Field North). The second is to be a 22-story building with upscale offerings and 400 rooms (Land Field South). Restaurant and retail offerings as well as street level and below-grade parking will be included. The concept area includes Land Field Park, a 1.6-acre urban park, completed in 2015.

Potential Land Area: 5.7 AC
Potential Bldg Area: Up to 1,000,000 SF (FAR 4.0)
Potential Open Space: 0.3 AC – 1.7 AC

The Lane Field development received regulatory approvals in 2015. The District could consider the Lane Field development, as envisioned by others, as a given in the Centre City Embarcadero Planning District. The District may be able to influence the treatment of the open space along Harbor Drive so that it can be regarded as part of the regional Green Necklace. The District could consider obtaining the remainder of a setback park from the United States Navy.
Embarcadero Marina Park North is envisioned to be expanded and become the signature park for the Embarcadero and feature a strong regional attraction. Such an attraction could include a new performing arts center, art pieces, or other architecturally significant features at the park’s southern tip. The expansion would result from a reconfiguration of the water’s edge to increase useable land for passive recreation. The new land could be on a platform over the water on piles or filled in water.

This is a 250 foot wide peninsula. It is the epitome of waterfront access. Visitors would have unobstructed views of the bay and be able to look back at the cityscape. Access to the peninsula, however, is through the Seaport Village area. The future configuration of the Seaport Village area will impact the ease of access to the peninsula by driving, biking, or walking.

Embarcadero Marina Park North would be expanded to create a signature park with a strong connection to the open space system of the Embarcadero. It would be a magnificent place along the Green Necklace and be a strong regional attraction.

Potential Land Area: 10 AC – 15 AC
Potential Bldg Area: Up to 80,000 SF (FAR 0.25)
Potential Open Space: 5 AC – 15 AC

The District could actively look for operators of a regional use, such as a performing arts center. The operator will be an important partner in raising funds for capital improvements. The design and construction of a performing arts facility would likely take more than ten years. The District could discuss partnership opportunities for cost sharing and/or underwriting for this effort. The District could actively work together with the City of San Diego and other stakeholders to attract this type of regional attraction.
Retail offerings could be increased in quantity and range of type throughout the Embarcadero Planning District. Robust retail offerings at the street level will sustain year-round activities along the promenade and give waterfront visitors a reason to walk block-to-block. Each block could have continuous retail use. Parking within buildings that would not have a face on Harbor Drive is envisioned. Parking structures could be concentrated along Pacific Highway and shared among users to strengthen the pedestrian experience along Harbor Drive and the promenade. The number of parking spaces could also be reduced by making a strong connection to nearby transit stations.

The District could encourage retail inclusion in each development within the Centre City Embarcadero Planning District. As the development parcels within the Centre City Embarcadero Planning District have long-term leases in place, the District will have an opportunity to influence the nature of retail for the next cycle of lease renewals in 50 or 60 years. The District could actively work together with the County of San Diego, City of San Diego and other stakeholders to find long-term parking solutions and encourage connections to nearby transit stations.
EXISTING

The existing concept area includes Tuna Harbor Park and Ruocco Park. Both provides visitors with shaded areas to relax, a scenic promenade for walking or jogging, bike routes and provides expansive views of the Bay. The concept area includes the G Street Mole Pier south of Tuna Harbor Park.

POTENTIAL

The commercial basin envisioned here reconfigures the Tuna Harbor water to become the central amenity for three high-density parcels. A 45 degree turn of Harbor Drive to ease the transition around the corner generates the geometry of the potential new basin. The G Street Mole is expanded to create a remarkable parcel for prestigious enterprises. The parcel at the foot of the basin may support a tall building.

The new basin increases the linear footage of waterfront. A continuous public promenade along the new edge, thus maximizing waterfront access in this location is envisioned. The continuous public promenade around the new basin is directly connected to the District open space system. It is one of the special places along the regional Green Necklace.

Potential Land Area: 30 AC – 50 AC
Potential Water Area: 10 AC – 15 AC
Potential Bldg Area: 150,000 SF (FAR 0.1) – 10,000,000 SF (FAR 4.5)
Potential Open Space: 5 AC – 15 AC

The District could further investigate the technical feasibility of reconfiguring Tuna Harbor. The adjacent land parcels resulting form the reconfiguration would create a very special setting, establish unique real estate addresses, and generate significant revenue. The upside to the City of San Diego and the District is well worth further study. Further, the District could explore relieving the turn of Harbor Drive. The change could provide new frontage to the water for its parcel, thus, providing an opportunity to capitalize on this coveted feature.
NORTH BAY
PLANNING DISTRICT 3: CENTRE CITY EMBARCADERO
NEW PIERS/DOCK & DINE

EXISTING

The concept area includes areas within the Bay in between Laurel and Grape Streets. While there are numerous recreational boats anchored in the bay and the existence of two piers; there are limited opportunities for waterfront visitors to access landside amenities arriving from the water.

This water area is capable of supporting new piers. New piers of various lengths, widths and configurations to accommodate a range of activities to take advantage of the very special setting floating above the water are envisioned. Mainly, these piers could be places for boaters to stop at the Embarcadero during their bay tour. Food concessions, table service restaurants and boat service stations would be prime uses here.

The new piers present an extraordinary level of access to the water from the land. Most importantly, the new piers engage access from the waterside. The new piers are directly connected to the Green Necklace on the landside.

POTENTIAL

Potential Water Area: 42.9 AC
Potential Pier Area: 0.5 AC – 2.0 AC
Potential Bldg Area: 25,000 SF (FAR 1.0) – 50,000 SF (FAR 1.0)
Potential Open Space: 0.5 AC – 2 AC

The ability to extend activities over the water would make the Embarcadero a remarkable place for out-of-town visitors and, importantly, residents whether boaters or land-based. The new piers would position the Embarcadero on the next level.
The prime cruise ship pier is located at the end of Broadway. The pier to the immediate north is on axis with B Street and accommodates cruise ships as well. Parking is provided on the Lane Field parcel, which includes public parking. Now that the hotel development has been approved for the Lane Field site, parking provisions may need to be made elsewhere.

Potential Land Area: 10 AC – 15 AC
Potential Bldg Area: 150,000 SF (FAR 0.25) – 250,000 SF (FAR 4.0)
Potential Open Space: 0 AC

The District may regularly revisit the cruise ship operation impact on the hotel and mixed use development on Navy Broadway and Lane Field, as well as the rest of the Entertainment District. Embedded infrastructure and soft current cruise ship demand should be considered and this idea may be a low-priority without significant drivers for alternative development to the area. At the point when the balance tips to favor the needs of the hotel / entertainment uses, the District could consider relocating the cruise ships to another location such as Harbor Island East.
The Lagoon is situated on the waterside of where Harbor Drive turns westward following the bend in the land. There are 150 moorings in this location. A significant increase in boat usage by creating 700 permanent slips is envisioned here. The geometry of the curve in the land suggests certain shapes for piers. On the landside, a superblock is bound by Pacific Highway, Harbor Drive and West Laurel Street. The Port has a long term lease (Solar Turbines) in place. Extending streets for pedestrian use through the superblock at some point in the future could be further considered. At some point in the future, mid rise buildings with unifying podiums would define the street wall and accentuate the curve of this special place.

The Lagoon is wholly about the water. Waterfront access would be enhanced by the Lagoon by providing the experience of being surrounded by water. The superblock site does block access from upland to the water. Streets can be extended through in the future to provide waterfront access.

Potential Water Area: 70 AC – 80 AC
Potential Land Area: 40 AC – 50 AC
Potential Bldg Area: 450,000 SF (FAR 0.25) – 4,000,000 SF (FAR 1.25)
Potential Open Space: 1 AC – 20 AC

The District could negotiate future lease renewals mindful of the vision to create passageways through the superblock to the waterfront thus reconfiguring the parcel.
EXISTING

The Convention Center Phase 3 expansion was recently entitled and is located on vacant land on the backside of the existing facility along the water. Planted open space on the roof gently slopes over the entire length of the facilities providing views to the bay. ADA compliant ramps and broad stairs connect the roof garden to the street level. A stage and seating lawn is programmed to be built on the roof to encourage public use there. Passenger cars are brought in along the waterside promenade.

The potential facility covers nearly 90% of the lot. The roof of the facility is to be landscaped to create open space for the general public. Access is achieved through wide stairs and long ramps.

POTENTIAL

Potential Land Area: 12 AC
Potential Bldg Area: 750,100 SF (FAR 1.5) – 1,200,000 SF (FAR 2.25)
Potential Open Space: Up to 5 AC
The development rights of the air above the rail yards at Harbor Drive between Switzer and Crosby Streets has value and could be unlocked by decking over the yards to create buildable parcels, as well as to extend the Embarcadero promenade to connect with Caesar Chavez Park. The area could support hotel and office uses. The elevated promenade would provide views over the Tenth Avenue Terminal to the water. In a future market, the East Village may have matured as a built out neighborhood. These potential new parcels could be the last pieces to capture the appreciated value in the East Village.

Potential Land Area: 90 AC (60 AC Tidelands)
Potential Bldg Area: Up to 23,000,000 SF (FAR 6)
Potential Open Space: Up to 8 AC

The District could actively work together with the City of San Diego and other stakeholders, such as BNSF, to investigate the decking and development proposition. Thresholds of viability could be established and informed by market demands as time progresses. Due diligence done now will inform the District's decisions about other performing assets. At best, the District can find the infrastructure to create the development parcels and receive substantial returns on its investment with correctly structured leases.
B. WORKING WATERFRONT

PLANNING DISTRICTS:

- TENTH AVENUE MARINE TERMINAL
- NATIONAL CITY BAYFRONT

WORKING WATERFRONT

The northern and southern edges of the Working Waterfront are defined by the Tenth Avenue Marine Terminal and the National City Marine Terminal. This area gains considerable value from the dredged shipping channel that hugs the eastern shore. The Working Waterfront straddles the City of San Diego and National City, although the latter has limited access to the Bayfront. A portion of this area is encompassed by Naval Base San Diego, and is under the jurisdiction of the United States Department of Defense. Naval Base San Diego is home to the United States Pacific Feet, and most of the deep water vessels that are deployed in the United States Navy’s Pacific operating area.

As illustrated in the concepts on the following pages, the proposed concepts for the Working Waterfront fall into two categories: Redevelopment or reconfiguration of existing uses and transportation issues, including parking management. While the North Bay is poised to have the greatest potential for change in the Bay, the Working Waterfront concepts are focused on increased efficiency through improvement or additions to the existing infrastructure.

The National City Bayfront is made up of 303 acres of waterfront land and 182 acres of water managed by the District under the Tidelands Trust. Major District assets in this area include the National City Marine Terminal, Pepper Park, Pier 32 Marina, the highly anticipated National City Adventure Center opening soon, and many pieces of valuable public art. The Bayfront is a location-specific planning initiative for the District and the City of National City as they plan together for the future of this invaluable waterfront space.
The Tenth Avenue Terminal is located at Harbor Drive between Switzer and Crosby Streets along the water. It is a maritime operation that supports the transfer of goods from sea to land. It has 46,000 linear feet of water frontage to accommodate 4-5 large ships at the same time. Three rail spurs into the site provide freight service. The site contains refrigerated and unconditioned structures to store goods in transit. There are open-air lay down areas on site.

The District should complete its assessment study of Tenth Avenue Marine Terminal, which is in process. The findings about increasing capacity for growth or improving the facility to support operational efficiencies will inform the District's decisions on this performing asset. The opportunity here is subject to demand analysis. Expansion and/or modernization will help secure and extend continued working waterfront activities.
EXISTING

Land area in the working waterfront comprises 489 acres of Port jurisdiction and 665 acres owned by the United States Navy. The pier headline north of Chollas Creek in San Diego extends 700 feet from the sea wall. The potential exists to extend the existing piers to the Bay Channel and/or to infill between the piers to create more area for future growth of tenant operations in this district. North of Sweetwater Channel in National City the land nearly meets the Bay Channel. Extending piers in San Diego would increase the capacity to berth vessels. Infilling the water between the piers in San Diego and extending the land in National City will increase the land area for operations.

One strategy to increase capacity for growth of tenant operations is to reconfigure the Bay Channel in this area to accommodate a 600-foot extension of landfill into the water.

POTENTIAL

City of San Diego
Existing Land Area: 117 AC
Existing Pier Area: 12.5 AC
Pier Extension/Infill: 130 AC

National City
Existing Land Area: 231 AC
Existing Pier Area: 0 AC
Pier Extension/Infill: 73 AC
Harbor Drive could be transformed into a significant segment of the Green Necklace. The existing 100-foot right-of-way could be combined with the right-of-way for the MTS trolley and the sidewalks and organized to provide planted buffers between byways for passenger vehicles, bikes, pedestrians and trolleys. There could define areas for public parking (perhaps metered). The reorganization of Harbor Drive may mitigate congestion, noise nuisance, and air pollution arising from trucks in the traffic mix.

Potential Tidelands Land Area: 4.3 AC (No change)
Potential Other Land Area: 104.5 AC (No change)

The District could partner with member cities to investigate the feasibility of reorganizing Harbor Drive and evaluate its benefits and impacts to the district and the region. The District could work with the City of San Diego and National City to lay out and engineer Harbor Drive to be part of the Green Necklace. With the right economic incentive, a new Harbor Drive could be well received by multiple constituents.
A Haul Road, a roadway primarily for truck use that would run parallel to Harbor Drive and connect to Interstate 5 is envisioned for the Working Waterfront. Such a road could likely mitigate congestion on Harbor Drive and other harmful impacts to the residential communities in the working waterfront districts.

- The Haul Road would contribute to throughput and utilization for tenant operations on Port Tidelands.
- The Haul Road would contribute to logistical efficiencies for tenant operations on Port Tidelands.

The District could partner with member cities, along with San Diego Association of Governments and Caltrans, to investigate the feasibility of a Haul Road and its connectivity to existing and future regional highway infrastructure, and evaluate the benefits and impacts to the District and the region. The District could then work with the agencies referenced above to lay out and engineer the Haul Road.
Harbor Drive could be reorganized to improve the location and access to parking (perhaps metered). At the same time, onsite parking could be achieved on many parcels. One strategy would be to create parking decks to increase the number of cars on site.

Improved parking organization may mitigate congestion and contribute to the desirability of tenants located in the District.

Potential Land Area: 5 AC

The District could work with port tenants to determine the appropriate number of onsite parking spaces for each leasehold.
The Metropolitan Transit Service's (MTS) Blue Line currently provides commuter service through this area with five station stops relatively evenly spaced apart. The land immediately around the stations is generally used for surface parking. The existing trolley stations are envisioned to service a larger population of commuters. Improvement in light rail service and better physical connections to nearby parcels could help encourage workers to use public transit rather than passenger vehicles to get to work.

Upgrades to the within the Green Necklace and clear pathways to nearby parcels could also encourage public transit use within the district.

The District should consider partnering with MTS, the San Diego Association of Governments, the City of San Diego and National City to upgrade the trolley stations, parking areas, and the public realm in the vicinity.
C. SOUTH BAY

PLANNING DISTRICTS:

- CORONADO
- CHULA VISTA BAYFRONT
- SILVER STRAND SOUTH
- SOUTH BAY SALTLANDS
- IMPERIAL BEACH

SOUTH BAY

The South Bay is comprised of the shallow waters south of the Sweetwater River. There is a navigation channel that provides access for small vessels to Coronado Cays and Chula Vista. In the context of this Report, the City of Coronado is also considered to be in the South Bay. A majority of the natural protected habitats, wildlife refuges and protected underwater environments for the Bay are in this southern area.

With the exception of the Chula Vista Bayfront Master Plan, there is not anticipated to be substantial change occurring in the South Bay Planning Districts.
Within the District, Coronado has a distinct character described by low density and extensive open space. Nearly half of the District’s jurisdiction is in the water. Beyond a potential increase in the number of slips in the marinas, maintaining the current character of Coronado with the golf course in place is envisioned.

Potential Land Area: 176 AC (No change)
Potential Bldg Area: 640,000 SF (FAR 0.84) (No change)
Potential Open Space: 40 AC (No change)

The District should keep an open channel of communication with Coronado leaders and consider their concerns regarding issues impacting their jurisdiction.
The 535-acre Chula Vista Bayfront has been master planned to be redeveloped in a way that will promote public access to, and engagement with, the water while enhancing the quality and protection of habitat areas with the ultimate goal of creating a world-class bayfront through strong planning and design, economic feasibility and community involvement. The 476 acres of land and 59 acres of water within this predominately underutilized area will be transformed into a resort hotel and convention center with up to 1,600 rooms and 415,000 square feet of meeting space, as well as up to 1,250 additional hotel rooms, 1,500 residential units, a 237-space RV park, over 300,000 square feet of visitor-serving restaurants and retail space, marinas, a fire station and supporting infrastructure.

When completed, more than 53 percent of the area (286 acres) will be dedicated to the public realm – including parks, open space, habitat areas, roadways, promenades, bikeways, and water areas. Marina improvements will create an active commercial harbor with retail shops, restaurants and public space at the water’s edge. Water transit opportunities, such as water taxis and ferries will provide linkages to other areas throughout San Diego Bay.

Landside linkages to downtown Chula Vista will also be enhanced and increased such as the recent extension of H Street. In addition, the Chula Vista Greenbelt trail system provides a natural linkage to the site. The Greenbelt is a comprehensive, integrated master plan of open spaces that includes about 28 miles of multi-use and rural paths surrounding the City of Chula Vista. The trail system includes the Sweetwater and Otay valleys and ideally links existing trails in the central areas of the city with new ones, creating a widespread network for recreational travel throughout the area. In addition, more than 3 miles of public promenades will extend the reach of water access by the general public. As a result, this major South Bay asset provides a key link in the effort to interconnect the entire Bay.

As a result, this major South Bay asset provides a key link in the effort to interconnect the entire Bay.

Potential Land Area: 476 AC
Potential Water Area: 59 AC
Potential Open Space/Public Realm: 286 AC
Potential Bldg Area: 125,500 SF (FAR 0.24) – 3,800,000 SF
The land owned by the District on Grand Caribe Island is partially unimproved. It is adjacent to the Coronado Cays Yacht Club to the north. It is isolated to the island and is not connected to the remainder of the planning district or to the region. The entrance to Coronado Cays could be improved to make a stronger connection to the Bay Necklace. A portion of the land is envisioned to remain as open space until future economic conditions warrant a change, such as expanding slips for a marina.

Potential Land Area: 32.1
Potential Bldg Area: 530,000 SF (FAR 0.37) – 700,000 SF (FAR 0.5)
Pond 20, located at the south end of the bay with 980 feet of frontage along Palm Avenue, is legally part of the City of San Diego. The context of Pond 20 is the beach town setting of the City of Imperial Beach. The land is characteristically low land. The existing natural habitat is attractive to eco tourists as well as residents in the region.

From 2000 to 2015, the District 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 the City of San Diego. As a result, the District has determined that a mix of mitigation banking and commercial development is the best use for Pond 20.

In its entirety, Pond 20 includes 95 acres of land, of which 84 have been designated for mitigation banking. In July 2015, the Board of Port Commissioners approved a plan that includes the following:

- An 84 acre parcel in the center of the site is designated for mitigation banking as specified in the issued Request for Proposals.
- A 3.1-acre parcel on the western edge of Pond 20 is designated commercial to complement the new Bikeway Village.
- A 7.9-acre parcel on the eastern edge is designated for low-intensity commercial development.

Development of the additional parcels will take place at a later date.

The long-term plan calls for:

- The mitigation bank is expected to produce revenue based on the success of other nearby projects of similar size and scope. Net proceeds, after Port costs and expenses, will go into a Pond 20 Economic Development Fund to be spent within the City of Imperial Beach and the City of San Diego, Council District 8 for economic development and public improvement projects in accordance with the Port Act.
Palm Avenue connects Interstate 5 to the water. Establishing a coherent streetscape for the public realm within this commercial corridor as one strategy to strengthen the retail offerings and maintain the individualistic character of this beach town. An adept treatment of the public realm responsive to owners’ needs would sustain a clear identity. Branding Palm Avenue in this way will help raise awareness of the corridor within the region in marketing efforts. The clarity and coherence of the setting may help attract businesses to the corridor and may also foster economic activity.
The existing pier extends 1,500 feet into the Pacific Ocean. There are limited restaurant offerings at the end. An improved restaurant and additional retail offerings to make the walk out to the point worthwhile is envisioned.

Potential Land Area: 2.5 AC  
Potential Water Area: 400 - 450 AC  
Potential Bldg Area: 1,500 SF - 2,500 SF  
Potential Open Space: Up to 3 AC

The District could encourage the operator’s efforts to upgrade and expand the restaurant and retail offerings. These efforts could likely be a visitor driver to Imperial Beach and may increase access and utilization.
Public coastal access ways and view corridors are proposed for renovation and enhancement within the street rights-of-way of Imperial Beach Boulevard, Carnation, Dahlia, Daisy, Elder, Elm, Elkwood, Ebony, Admiralty, Descanso, and Encanto avenues. Improvements are intended to enhance the amenities of these public areas with textured paving, drainage, shoreline protection, curb and gutter, sidewalk, lighting, beach access, fencing, landscaping, and automobile loading and parking. These improvements will result in increased coastal access opportunities for visitors and residents, and will enhance the attractiveness of existing and potential businesses in the area. The Street End Enhancements also provide an opportunity for addressing safety and erosion concerns due to potential wave inundation from storm and high tide events.
EXECUTIVE SUMMARY

This Economic Framework Appendix should be read in conjunction with the entire Integrated Planning Framework Report. The indicative models and concepts are meant to provide directional information and help develop a basis for evaluation of new development or business expansion initiatives.

Unlocking the Value of the Bay

The title of the Vision Statement, “One Bay, Rich Diversity,” is especially relevant when discussing the economic underpinnings of the District. Increasing development and enhancing revenue potential cannot be achieved without substantial consideration of environmental stewardship, strong coordination with member cities and other related jurisdictions, and diversifying the programming and water access for users of all types. Importantly, looking across the fifty year planning horizon, it will be incumbent upon the District to achieve seemingly divergent goals through win-win strategies, and thereby turn the mixed-use diversity of the Bay into an asset. By using the Guiding Principles, the District will have the ability to maintain the balance between different user groups while building upon the many historical successes around the Bay.

As with any assessment or review, certain issues come forth that demand additional consideration and attention. Externally, the District’s economic sustainability is tightly intertwined with that of the region. Creating a framework that increases interaction with regional participants will amplify the return on the District’s capital and resource investments. Internally, the District may want to consider streamlining and simplifying the development process wherever possible as well as the management of the environment, public realm and shared infrastructure assets. An integrated value management strategy may allow the District to maintain the overall balance of the Bay with consideration for internal and external drivers.

Economic Sustainability

The District plays a large role in the San Diego regional economy. A wide range of employment opportunities, including a robust working waterfront, thriving tourism, and additional benefits associated with the District’s overall investments around the Bay will continue to be a mainstay of the District’s $4.4B annual economic engine. As global and regional market dynamics grow even more complex over the coming years, the District’s planning and development efforts may need to ensure they maintain the capacity and flexibility to withstand cyclical economic downturns while continuing to maintain existing operations and invest for future growth.

The District has developed a wide variety of assets that provide a strong foundation for future growth. For example, the Convention Center provides the District with global visibility and is the hub of significant real estate activity in the area. The long standing working waterfront, with its strong employment base, allows the District to fulfill its mission to promote commerce, navigation, fisheries and recreation on the Bay. Finally, the balanced development plan for the South Bay will provide economic opportunities without jeopardizing the important environmental nexus of the marine and terrestrial habitats.

The District’s existing baseline revenue streams may be strengthened and diversified through future development plans that provide the necessary resources to fund the associated infrastructure and enhancement of the public realm while providing for environmental mitigation where necessary. The long-term nature of the District’s leases and commercial arrangements creates an opportunity to develop multi-use/multi-tenant shared infrastructure strategies that may enhance revenue protection while attracting new partners and supporting tenants long-term business goals.

Going forward, the linear model of the past (in which a single project carried the weight of planning efforts and overall economics) may not optimize development, nor is it likely to achieve the significant potential discussed in this Integrated Planning Program Framework Report. One important objective of the updated Port Master Plan may be to eliminate the potential for a “single parcel” to define entire development planning districts. Since various illustrative development and use concepts such as those set forth in Appendix A impact both the immediate surroundings as well as the overall performance of the District, it is important to insure any proposed development will achieve its key objectives while avoiding critical limitations such as potential incompatible
uses, lack of infrastructure and/or inability to generate sufficient demand, etc.

The District may want to consider incorporating development phasing strategies and maintenance funding strategies within the Port Master Plan Update. Integrating the full responsibility of the District and its mission to balance growth with the environment and access to the Bay may create the platform for an evolved pricing and market structure that will allow all District stakeholders to participate in delivering the best possible long-term result for the District and the region.

**Streamlining & Enabling the Development Process**

A successful planning effort should result in improved clarity and greater certainty in the decision and approval process, leading to an increase in the number of potential investors, operating partners, and developers. Through the comprehensive planning effort, one of the District’s primary goals may be unlocking the value of its underdeveloped parcels while at the same time significantly strengthening existing and performing assets. The District may increase the value of its holdings and spur development by enhancing existing policies and tools to streamline and enable the development process. Examples of potential tools include District controlled mitigation banks for storm water management (through “Alternative Compliance” strategies that are now available), integrating existing infrastructure and transportation plans, actively participating in multi-use/multi-tenant development strategies, and providing a framework for programmatic environmental and coastal plan approvals. By developing a clear Port Master Plan Update that contemplates the integration of assets, users, infrastructure and operations may help support environmental compliance, infrastructure investment and maintenance while increasing access to the waterfront and ensuring long-term economic sustainability.

Another positive outcome from a streamlined planning process may be the prioritization of District investment when compared to other regional or national opportunities. This may greatly enhance the District’s value and strengthen its negotiating position with potential partners. The value curve of the development can already be seen in District initiatives such as the Chula Vista Bayfront where the risk and uncertainty has been greatly reduced as a result of clear policies and the District’s strategic partnership with the City of Chula Vista.

In establishing operational guidelines, important questions may need to be addressed including:

- How are public realm assets built into the overall development strategy, and how is value captured and maintenance provided?
- How are long-term mandates protected and allowed to grow where appropriate while still encouraging thoughtful development (environment considerations, working waterfront)?
- When looking at large redevelopment projects, how will the initial infrastructure requirements be funded? How will the benefit be shared and the cost recovered?
- Can the District play a role in developing design guidelines and thematic programming to help drive demand?
- How are costs and value realization shared throughout the District?
- How can stress at the buffer zone between disparate uses be managed to alleviate any negative impacts?
- What financing strategies are available to facilitate development while maintaining adherence to the Guiding Principles?
SECTION I
UNLOCKING VALUE

UNLOCKING VALUE – PROCESS MANAGEMENT

Due to its size and multiple use profile, the District has a wide variety of assets, opportunities and concerns to manage. Despite the challenges of managing such a large and diversified portfolio, significant opportunities exist to integrate and leverage existing assets to create value not available to single-use ports. Creating a long-term framework that will balance the needs of multiple constituents while continuing to enhance the region, both economically and environmentally, may be one of the goals of the Integrated Planning Program Framework.

A traditional single development/single-use approach to managing specific business and operational objectives can create conflicts regarding shared multi-use infrastructure assets. As a result, the District frequently experiences “one-way” participation related to asset operation and maintenance, and the cost allocation of public realm and critical water infrastructure assets are not fully captured and allocated against the shared value creation. Due to their focused requirements, development and operating partners may not have a total sense of the overall scope and strategic objective of the District and all of its constituents, resulting in unintended conflicts and underutilized assets.

The following chart (Use Based Management) illustrates use specific operations and their connectivity to each other and the complexity associated with managing divergent assets.

One important proposed aspect of the Integrated Planning Framework Report is to help inform the Master Plan to enable multi-tenant integrated use to create value by enabling projects that are too big for a single tenant/operating entity strategy. It is important to insure that proposed development achieves key objectives such as leveraging common uses and creating critical mass while avoiding critical limitations such as potential incompatible uses, lack of infrastructure rationalization, and/or inability to generate sufficient demand.

When all users understand their role in the integrated platform, maximizing utilization, minimizing footprint, and effectively maintaining core infrastructure becomes a common goal. This has the effect of improving return on capital and improving competitiveness while potentially opening additional areas for development and/or public use.

As the following chart illustrates, by potentially establishing well defined access plans and conditionally approved use plans within an environmental and infrastructure management strategy, the District may provide the primary constituent users of the Bay with a common platform that serves the varied purposes of its tenants. In this way, access and use is integrated with natural resource preservation, conservation and ecosystem health.
UNLOCKING VALUE – INTEGRATED VALUE MANAGEMENT

Beginning with four primary inter-related elements, value creation (or trade-off) can be analyzed in a manner that will indicate that the fundamental value drivers are working together creating a multiplier effect across the District’s assets.

Importantly, public and private use should not be viewed in isolation. The two components operate in tandem and rely on each other for success. Examples of this important inter-relationship include the value of parks and recreation for hoteliers, the value of deep water in connection to marine terminals and the value of access for marinas and recreational users of the Bay.

Asset management and operations therefore should reflect this inherent inter-operation in a manner in which both extrinsic (economic) and intrinsic (public benefit) value are derived from proposed utilization strategies. This Integrated Value Management can readily be used as a component of a scorecard to analyze opportunities and assess the proposed impact on the Guiding Principles.
3. Programming Mix: The Public Trust Doctrine limits the set of uses within the District’s jurisdiction. Those uses include very different operating requirements and objectives from ship building to hotel management. In addition, the District has a substantial requirement to provide access to the Bay and bear the associated costs. As existing allowed uses begin to reach saturation (hotels), strategies could be developed to increase usage to support expansion of these approved Public Trust uses. Exploring opportunities that can serve access and utilization strategies should be explored.

4. Economics: The District plays a direct role in a variety of economic models including direct participation from land leases agreements, costs related to infrastructure maintenance and asset management, indirect economics related to public access and recreation and a regional effect of approximately $1.6B from the approximately 11,000 jobs supported directly within the District’s jurisdiction (source: Caltrans Port of San Diego Fact Sheet).

**Key Economic Drivers**

The following list summarizes certain primary economic concerns for both the District and its tenants.

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**UNLOCKING VALUE – INTEGRATED DEVELOPMENT**

Value creation and cost sharing across the District’s common infrastructure has the potential to create a virtuous cycle in which existing platforms are leveraged to create new business opportunities. Importantly, these activities can be complimentary rather than competing uses.

The following graphic shows the opportunity to create a “virtuous cycle” by leveraging existing platforms to drive expansion into new and related uses. The District’s role in global access and environmental management as well as its portfolio of business and operating assets that can support and enable investment opportunities creates a unique opportunity for the District to deliver substantial value to its existing tenants, adjacent cities, the County, and the region.
UNLOCKING VALUE – INFRASTRUCTURE QUALITY

Significant infrastructure assets support the District’s maritime and real estate platforms. The development, construction and maintenance of the infrastructure assets are a primary delivery of value from the District to its tenants, the cost of which could be captured in usage fees.

When considering the economic value of the land and supporting infrastructure, the cost to replace/duplicate and maintain should be considered when setting pricing and utilization fees. The value of the assets as well as the costs to maintain and upgrade the assets should be captured in the rents.

Infrastructure Assessment

Infrastructure quality is a primary driver for investment and commercial operations. Access to public transit, pedestrian access and roads/bridges make up the primary requirements for development decisions.

Public transit services, roads and bridges, and pedestrian infrastructure were ranked as the highest priority infrastructure, with fundamental services such as energy, telecommunications, water and wastewater management and air quality making up the next priority tier. Interestingly, the quality of parks and open space, parking and infrastructure services were very important for the overall quality perception of an area.

UNLOCKING VALUE – INFRASTRUCTURE & PUBLIC REALM

As seen in the quality/assessment survey, investment in infrastructure and the public realm plays a very important role in unlocking value and attracting investment. The District drives value to its stakeholders through access and environmental management, which guides investment and planning in infrastructure and the public realm.

That investment, in turn, becomes shared (both proportionally and disproportionally) by both the public and the private developers and is significant value to surrounding areas. How each key constituent group derives that benefit is then a function of the plan and the implementation of the plan from access.
UNLOCKING VALUE - INFRASTRUCTURE

Currently, the District has approximately 147 acres of parkland and an additional 395 acres in general infrastructure including roads, sidewalks, wetlands and protected habitat is utilized for parks and public realm access. A review of the existing infrastructure provides insight into the related uses and associated value.

- Parks and open space support hotels, access, visitors, recreation and residents of adjacent cities.
- Transportation and parking support tourism, hotels and regional jobs.
- Maritime infrastructure provides important regional economic benefits as well as recreation and tourism benefits.
- Cultural activity and events support activation and enhance commercial and residential real estate values while driving traffic to restaurants and increasing the appeal of hotels.
- Coordinated access to the bay delivers benefits to adjacent jurisdictions through environmental protection, water access management, etc.

Cost allocation per dollar of rent, tenant assessments, allocation of development impact fees, adjacent city participation, etc. should be considered when contemplating the value delivery and realization of infrastructure assets throughout the District.

UNLOCKING VALUE - PUBLIC REALM

One important question for consideration relates to the role of the Public Realm in enhancing the value and attractiveness of the District’s leasable land. Rather than creating isolated parks and public space as an off-set to development, when viewed as a value driver, the District has a potential opportunity to pursue an integrated strategy connecting public realm assets to specific development that associates direct value that can be assessed and monetized. Under this strategy, the cost of the infrastructure and public realm can be off-set by the development(s) that benefits from the infrastructure improvements and the associated appeal and user demand for the area.

In particular, access to the waterfront is a critical metric for the California Coastal Commission as it relates to development approval. The concept of a comprehensive park system to integrate and tie public realm assets together provides significant improvements in access while also activating the region and developing valuable infrastructure for surrounding development.

When looking at infrastructure and the public realm as a strategic asset that enables and adds value to existing operations and assets, it can be seen that the District’s role in the implementation, maintenance and management of these fundamental assets can enable enhanced value creation.

The Total Economic Value framework includes both explicit (direct) use values and non-use (indirect) values in order to develop a comprehensive view of the overall asset value.
SECTION II
ECONOMIC SUSTAINABILITY

ECONOMIC SUSTAINABILITY –
PORT DISTRICT LAND & WATER ASSETS

Under the Port Act, the District is mandated to support, develop and manage (i) water dependent uses, such as maritime operations and maritime related uses, (ii) visitor serving uses, and (iii) public access and leisure uses. As such, the District has a fundamental asset base that enables a unique mix of business with very specific use criteria. The District’s holdings, economic activities and infrastructure can be analyzed under three primary categories comprised of (i) land and water usage, (ii) user mix, and (iii) development/operating zones.

The District’s primary operating assets are based on its natural advantages (deep water protected port) along with its position as a transportation hub (airport, shipping terminals, rail, logistics, etc.), its location relative to major population centers and visitor destinations, and the attractiveness of the waterfront for visitors and recreational users.

### Maritime Key Drivers
1. Deep Water Access
2. Deep Water Berths
3. Goods handling capabilities
4. Capacity Limitations
5. Competition
6. Infrastructure
7. Transportation Links
8. Skilled Workforce
9. Long-Term Stable Contracts

### Real Estate Key Drivers
10. Definition, sizing and net potential
11. Process Complexity
12. Legal Environment
13. Availability of Financing
14. Strong embedded Demand

ECONOMIC SUSTAINABILITY - MARITIME PLATFORM

As a deep water port, the District supports a variety of maritime operations including goods transport, shipbuilding and repair, recreational uses and cruise ship operations. The maritime operations are further supported by the United States Department of Transportation and by substantial land-based infrastructure including off-loading equipment, piers, rail, truck/transport, cold storage, etc. As such, maritime uses rely on both water assets (dockage) as well as shore-side assets (wharage) to support commercial operations as well as recreational uses (marinas/piers). Maritime revenues can be broken down into Fixed Fees (land rent including access, storage space, etc.) and Usage Fees.

Wharage makes up approximately 30% of total maritime revenues. Fees are related to goods volume transport and therefore are sensitive to economic cycles, and importantly the ability to accommodate specific cargo types and ship requirements. Established markets are required to maintain dock operations as well as shore side transport and storage. Dockage and concession revenue makes up the remainder of the usage based fees.

Source: Assessment Report and CCI estimates
ECONOMIC SUSTAINABILITY - REAL ESTATE PLATFORM

Due to the restrictions on allowable uses within the District, the District's non-maritime real estate operations are almost exclusively visitor serving centered on hotels, restaurants, the San Diego Convention Center, various tourist attractions and associated visitor services.

Real Estate revenues make up over 70% of the District's primary business activities (real-estate and maritime). Of that total, Concession Revenue makes up 64% of total real-estate revenue. The result is that almost half (44%) of the District's primary operating revenue is tied to tourist traffic to hotels in the District's jurisdiction. The San Diego tourist industry is the third largest in the county, and is a main contributor to the region's economy. With nearly 8,000 rooms, the 16 hotels within the District's jurisdiction represent just less than 15% of the total rooms in San Diego and generate over 60% of the District's rental income. Facilities on Shelter Island, Silver Strand and Harbor Island are strong contributors to the District's total revenue, but the three Convention Center hotels make up almost 65% of the total hotel revenue. Approvals and construction starts for the Hilton Convention Center Expansion (500 rooms), Lane Field North and South (800 rooms) will add an additional 1,300 rooms to the District's hotel room inventory. Source: CCI Assessment Report

ECONOMIC SUSTAINABILITY – NEW USE OPPORTUNITIES

The District’s physical asset base on the Bay and its connectivity to Ocean access as well as the important regulatory role, can have a substantial influence on the burgeoning Blue Economy. The Region is home to world-class universities and research facilities which will be the forerunner of these new technologies, innovations and jobs around the bay. The following table summarizes opportunities for new business creation and utilization models.

<table>
<thead>
<tr>
<th>Working Waterfront</th>
<th>Real Estate</th>
<th>Research &amp; Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Maritime Operations</td>
<td>• Tourism</td>
<td>• Medical / Pharmaceutical</td>
</tr>
<tr>
<td>• Marinas / Anchoring</td>
<td>• Commercial Operations</td>
<td>• Ocean Health (pH, plastic)</td>
</tr>
<tr>
<td>• Throughput / Capacity</td>
<td>• Integrated Solutions / Value Chain</td>
<td>• Climate Change (ocean temperature, sea-level rise, extreme events)</td>
</tr>
<tr>
<td>• Sustainable Operations</td>
<td>• Light Industrial</td>
<td>• Education</td>
</tr>
<tr>
<td>Enhanced Fisheries</td>
<td>Expanded Use</td>
<td></td>
</tr>
<tr>
<td>• Boat / Shipbuilding Technologies</td>
<td>• Renewable Energy</td>
<td>• Security / Multi-Use Integration</td>
</tr>
<tr>
<td>• Observation &amp; Monitoring</td>
<td>• Infrastructure enhancement</td>
<td>• Monitoring &amp; Response</td>
</tr>
<tr>
<td>• Defense and Security</td>
<td>• Increase Existing Infrastructure Throughput</td>
<td></td>
</tr>
<tr>
<td>• Logistics and Transportation</td>
<td>• Unique Physical Location</td>
<td></td>
</tr>
<tr>
<td>• Robotics and Submarines</td>
<td>• Global Demand (Export)</td>
<td></td>
</tr>
<tr>
<td>• Communications</td>
<td>• Port Utilization</td>
<td></td>
</tr>
<tr>
<td>• Floating Infrastructure</td>
<td>• Food Processing Capability</td>
<td></td>
</tr>
</tbody>
</table>

Source: Assessment Report and CCI estimates
ECONOMIC SUSTAINABILITY - REGIONAL ECONOMIC IMPACT

Direct Benefit (District income) versus Indirect Benefit (Regional income)

District assets create substantial regional benefit that is not directly captured. The graphic below illustrates the different components of total value related to District activities ranging from direct economic rents received by the District ($158M) through the total direct economic impact for Maritime (estimated at approximately $2.5B) and Hospitality (estimated at approximately $1.8B) as well as the indirect multiplier impact (estimated at approximately $3.2B) resulting in a total regional economic impact of approximately $7.8B.

The convention center/hotel complex is a major regional asset that can also be directly monetized by all of the constituent parties due to the nature of the business; whereas defense related work and the highly competitive goods transport markets are more complex in the assignment of rents.

Development and investment decisions should capture both direct and indirect benefit and seek to create direct linkages and develop strategic partnerships where possible to insure sustainable operations and continued investment in maintenance and infrastructure. Allocation of Development Impact Fees and certain tax income should be allocated to the long-term maintenance of the productive assets necessary for continued operations.

Source: Economic Impacts of the San Diego Unified Port District Report. Total value of $7.8B is $158M higher than the report amount due to inclusion of direct District revenue. All numbers are in millions.
ECONOMIC SUSTAINABILITY – CAPITAL ECONOMIC CYCLE

The Capital Economic Circle illustrates inter-related activities that work together to create an operating and economic framework for achieving a set of stated goals.

A lack of coordination can lead to wasteful, redundant and/or competitive development. Importantly, capital availability and allocation becomes less likely as development efforts become less coordinated and the ability to attract investment and derive economic returns becomes more difficult as each discrete project must carry the full cost burden. This becomes especially true in large multi-use development zones.

After the 2008 real estate downturn, the “if you build it, they will come” economic development model is no longer a reasonable approach to project development. New development with long pay-back periods relies on well-established demand, a stable operating environment, and the ability to leverage existing infrastructure.

Therefore, using a long-term planning process that improves certainty while providing cost sharing and good risk management tools can be used to create market driven development strategies.

Integrated planning reinforces itself by establishing key goals in order to drive planning. Plans are then supported through incentives, policies, financial support (success based rents, deferred payments, co-investment, infrastructure upgrades, etc.), and implemented through a clear process. This in turn leads to development being done in a timely way so that goals are realized and value is created.

ECONOMIC SUSTAINABILITY – MARITIME & WATERFRONT INFRASTRUCTURE

The District operates and maintains a wide variety of piers, wharves, seawalls, rock-revetment slopes and natural shoreline in the Bay. Much of the District’s waterfront infrastructure was constructed between the early 1900’s and the 1980’s. As would be expected, the condition and remaining service life of these assets varies significantly.

Waterfront infrastructure assets, which include maritime and visitor serving/recreational facilities, can be viewed as primary and secondary facilities. In turn, these facilities can be reviewed for the highest risk/return opportunities for current and future operations. Where important upgrades are required, financing strategies should be developed to secure the long-term sustainability of operations. The table below lists some, but not all, of the District’s water-based facilities that should be considered when establishing a baywide investment, maintenance, and operations strategy.

<table>
<thead>
<tr>
<th>Primary Water-based Facilities</th>
<th>Secondary Water-based Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Embarcadero Facilities</td>
<td>4. Shelter Island Fishing Pier</td>
</tr>
<tr>
<td>a. Navy Pier (Midway Museum)</td>
<td>5. Grape St Piers</td>
</tr>
<tr>
<td>b. Broadway Pier</td>
<td>6. G Street Mole Facilities</td>
</tr>
<tr>
<td>c. B Street Pier (Cruise Ship Terminal)</td>
<td>a. Tuna Boat Pier</td>
</tr>
<tr>
<td>2. Tenth Avenue Marine Terminal</td>
<td>b. Fish Harbor Pier</td>
</tr>
<tr>
<td>a. Berths 10-1</td>
<td>c. Fish Market Wharf</td>
</tr>
<tr>
<td>b. through 10-5/7/8</td>
<td>7. Embarcadero Marina Park Fishing Pier</td>
</tr>
<tr>
<td>3. National City Marine Terminal</td>
<td>8. Crosby Street Pier</td>
</tr>
<tr>
<td>a. Berths 24-1 to 24-5</td>
<td>9. Chula Vista Bayside Park Pier</td>
</tr>
<tr>
<td>b. Berths 24-10 to 24-11</td>
<td>10. Imperial Beach Pier</td>
</tr>
</tbody>
</table>
**ECONOMIC SUSTAINABILITY – CAPITAL EXPENDITURE REQUIREMENTS**

The District has attractive investment categories based upon long-lived capital intensive assets. Due to significant volatility in the global financial markets, there is strong interest in more predictable lower risk/return assets such as logistics, shipbuilding, hotels, etc.

The long-term structure of the District’s primary tenants provides some very important strategic benefits:

1. Stable revenue base provides borrowing capacity for infrastructure upgrades;
2. Long-term leases match up well with long-term asset lives;
3. Rationalization of base infrastructure creates the opportunity to pursue shorter term opportunities that can utilize existing assets without significant incremental investment.

**CASE STUDY: Investing in Port Connections: Port of Miami’s Tunnel Project**

Miami is increasing access to its port and benefiting its downtown by using a 35-year public/private partnership (PPP) to construct a $1 billion tunnel directly linking the port with the Interstate Highway System. Prior to the project, the Port of Miami, was connected to the mainland only by the Port Bridge, which can be accessed on the mainland only by downtown surface streets. Upon completion, approximately 4,400 trucks per day will be able to bypass local surface streets and access the port directly from Interstate 395.

The expansion of the port, which includes the tunnel project, dredging the bay to accommodate Panamax ships, and the installation of new “super cranes,” has an estimated economic impact of $27 billion. The tunnel will be returned to the Florida Department of Transportation at the end of the concession agreement. No tolls will be charged for the use of the tunnel, so as not to divert traffic back to the existing bridge or affect the economics of the port. Instead, Miami-Dade County is providing a portion of the project’s funding.

Source: ULI 2014 Infrastructure Report
**ECONOMIC SUSTAINABILITY – MAINTENANCE (Example)**

Maritime operations utilize approximately 11.8 million SF of land and building assets and 22.1 million SF of water and pier assets for a total footprint of 33.9 million square feet. Certain maintenance requirements that support the maritime industry have been deferred over the years, and based on a summary assessment, some portion of the District’s existing maritime revenue is at some level of risk due to industry changes and evolving customer requirements. As such, a significant capital investment can be justified to sustain and grow existing operations.

As an example, if it is assumed that Fixed Fees are allocated to cover on-going capital improvements and maintenance costs, approximately $15.5 million is attributed to annual capital requirements. Based on a 10%-25% annual maintenance budget (10-20 year useful life estimates), then $15 million would support approximately $100-$150 million in fixed asset investment.

- $100M/15 years = $6.7M + $3.0M average interest expense equals approximately $10M/year.

Equivalently, in order to invest $200-$250 million in new infrastructure, it would require maritime revenues increase by approximately 2.0x to $30+ million. The District may want to consider a joint value capture strategy with existing and potential tenants in order to secure existing operations and attract new business. Further, due to the requirements in the terminal business, the District may want to consider niche cargo and operations strategies that leverage the District’s proximity to Mexico and Los Angeles and the security of the U.S. Navy.

A current capital value assessment based on total asset value, replacement cost, etc. would value the District’s maritime assets at approximately $2B, whereas current utilization levels provide a cash flow based valuation of approximately $350-$500 million (assuming a revenue multiple of 10x-15x). Efforts should be taken to shrink this valuation gap which is based upon overall utilization, footprint/efficiency, use values, state of infrastructure, etc.

Source: Assessment Report and CCI estimates

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**ECONOMIC SUSTAINABILITY – DEVELOPMENT AREAS**

As illustrated in the Integrated Planning Framework Report, there is the potential for a variety of large-scale integrated development projects. In order to achieve these large-scale projects, it may be necessary to use an integrated economic plan to achieve higher density and rationalize infrastructure while maximizing revenue (for both the District and its operating partners) as well as deliver public value otherwise difficult to achieve in a single-use development model.

This approach requires large scale planning and financing so platforms can be established that are able to attract and accommodate multiple operating and development partners and diversified operations within a single development zone. In all likelihood, this will necessitate that the District take an active role to develop infrastructure and structure development strategies that will attract multiple complimentary tenants and facilitate financing, permits and approvals.

The District has a unique ability to enable large-scale development due to the fact that it can create unique opportunities for its development and operating partners, based upon:

- No Up-Front Land Cost
- Strategy to spread infrastructure costs across development zones
- Funding strategies and enabling policies like rent forgiveness during ramp-up to rationalize up-front spend.
ECONOMIC SUSTAINABILITY – UTILIZATION & COST ALLOCATION

At critical mass, density and activity enables capital upgrades and infrastructure maintenance to be shared across multiple tenants, providing integrated access and coordinated amenities to add value to all of the adjacent properties while lowering operating costs. Shelter Island Shoreline Park, Spanish Landing Park and Harbor Island Park provide beautiful access to the Bay, but a lack of development and activation leaves these areas underutilized, whereas the Embarcadero area provides significant enhancement to the convention center hotels and connectivity to public transit, Petco Park and the Gaslamp District. The North Embarcadero by contrast required support from the North Embarcadero Vision Plan to develop sufficient infrastructure to reach critical mass as a development zone.

ECONOMIC SUSTAINABILITY – CURRENT ASSESSMENT

San Diego as a region maintains strong prospects for on-going real estate development. Given density constraints in the region, expanding opportunities in the District and in the South Bay becomes increasingly attractive.

In addition to development cycles, District revenues in maritime, hotel, cruise and recreational uses are significantly impacted by economic cycles. It is very important to distinguish between a cyclical trend (tourism, conventions, access to capital, etc.) and a structural trend (maritime moving to large ships, Navy investment, appeal of Mexico cruise routes, etc.).

The ability to deliver the components necessary to bring a project forward should be a core competency of the District based on use planning, mitigation, infrastructure, and permitting. Creating value by making projects “shovel ready” enables opportunities, isolates the operational side to straight “market risk” (demand, timing in the cycle, etc.), and brings revenue forward. This means opportunities are in a position to be acted upon when the right combination of timing, capital, and operations can be arrived upon.

Hotel Development

An important consideration for the District in its planning process is the consideration of overbuilding the hotel segment of the market. Due to limited use alternatives within the District, hotels have been a relatively straightforward consideration. While San Diego is a major destination, the risk of excess capacity and the implied potential concern of creating competition both within the District as well as surrounding areas should be considered. Expansion of the convention center and/or more attractions on the waterfront will be vital to continue driving hospitality demand without changing allowed uses on the waterfront.
SECTION III

ENABLING STRATEGIES

ENABLING STRATEGIES – VALUE CAPTURE OPPORTUNITIES

The District has a unique opportunity to utilize the Integrated Planning Framework to expand its role in property and business development to create new opportunities and capture additional value. Given the District’s site control and staying power, there is an excellent opportunity to become a partner of choice in establishing long-term business operations by investing in and developing world-class assets. Additionally, an active role in the development process leverages the District’s infrastructure including (i) land use and environmental planning, (ii) infrastructure planning and project management, (iii) permitting and approvals, and (iv) the ability to take a long-term horizon regarding business models and deal structure.

The following chart depicts the substantial value creation process that occurs from feasibility to launching commercial operations. The Development Model chart below illustrates the value-add multiple of investment by risk and development stage of operations. By managing the early part of the process, the District has the opportunity to create a strong value platform to attract partners, and then has the ability to participate in a more meaningful way in the commercial operations through the delivery of the intrinsic value.

Development Model

ENABLING STRATEGIES – DEVELOPMENT PROCESS

The District’s Business development and real estate development follow a similar process through the concept, planning, execution (development) and operational stages.

1. Market Demand
2. Capital Costs / Financing
3. Legal Constraints
4. Development Support

- Stakeholder Commitments
- Infrastructure / Maintenance Costs
- Create Flexibility / Risk Management

1. Production & Operational Requirements
2. Establish Long-Term Mechanics
3. Asset Management
ENABLING STRATEGIES – ASSET MANAGEMENT & OPTIMIZATION

Capital investment and asset maintenance are important District functions. Remediation and asset disposal are fundamental aspects of long-term infrastructure ownership and operation. By focusing on this core capability, access to the bay and environmental management (including infrastructure upgrades and maintenance) become the hub of all activity. On-going asset management insures sustainability and maintenance.

ENABLING STRATEGIES – IMPLEMENTATION PROCESS

In order to attract and broaden the potential pool of operating partners and investors, a clear process that readily connects proposals through execution will allow the District to rapidly assess conceptual design and project development proposals in order to prioritize opportunities and create an appropriate execution plan. The Integrated Planning Framework helps provide additional information for outside constituents to evaluate opportunities and structure appropriate proposals. Core capability, access to the bay and environmental management (including infrastructure upgrades and maintenance) become the hub of all activity. On-going asset management insures sustainability and maintenance.

Enabling Assets

The District’s broad asset portfolio provides the opportunity to enable development through mitigation strategies and port-wide environmental management. Creating a mitigation and environmental strategy has multiple long-term benefits to District operations and its constituents including:

- Environmental Stewardship and Security
- Protect and grow established businesses
- Support development efforts (eliminate uncertainty over ability to mitigate proposed projects)
- Develop and expand emerging opportunities (long lead time and complex projects)
- Enhance intrinsic and fundamental asset value
- High replacement/acquisition cost – competitive position
Process management should take important business factors into consideration so that the process is able to manage and adapt to current and future issues without requiring a change or modification to the fundamental process.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Process Management Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Clear identification of External versus Internal Drivers</td>
<td>8. Optimize public realm, industrial and commercial layout and the allocation of resources</td>
</tr>
<tr>
<td>2. Change in the economic and capital environment has increased sensitivity to Risk</td>
<td>9. Enhance transportation and industrial infrastructure to improve efficiency and alleviate stress between constituent zones</td>
</tr>
<tr>
<td>3. Cost of land, construction and infrastructure continue to increase</td>
<td>10. Embed and fortify environmental projections</td>
</tr>
<tr>
<td>4. Lack of coordination has resulted in lumpy growth; benefit allocation has been skewed</td>
<td>11. Improve public services and maintain/ensure access</td>
</tr>
<tr>
<td>5. Potential competition across the District relative to new tenants or proposed development</td>
<td>12. Improve sustainability through maintenance programs and capital upgrades</td>
</tr>
<tr>
<td>6. Cost and responsibility for operational requirements and capital maintenance/upgrades</td>
<td></td>
</tr>
<tr>
<td>7. “Triple Cyclic” Exposure: Maritime/Transport, Tourism, Real Estate Development are all cyclical</td>
<td></td>
</tr>
</tbody>
</table>

**ENABLING STRATEGIES – POST DEVELOPMENT VALUE DELIVERY**

As the long-term manager of bay-wide water, land and infrastructure assets, the District can establish and maintain value while building significant economic leverage into the long-term asset and operations management. The District can build strategic partnerships as well as internal operations in order to maximize each process in the value delivery chain. Partnerships in certain operational areas can help build flexibility during economic cycles as well as provide specific expertise for new business operations.

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**VALUE DELIVERY – MAXIMIZED RETURNS**

**INFRASTRUCTURE MANAGEMENT**
- Power / Electricity
- Water and Waste Management
- Landscape / Roads
- Buildings
- Telecom
- Soft Services

**ASSET MANAGEMENT**
- Tenancy Management
- Risk Management
- Lease Administration
- Financial Management
- Portfolio/Asset Management

**VALUE-ADDED SERVICES**
- Predictive Maintenance
- Disaster Management
- Sustainability Management
ENABLING STRATEGIES – ASSET MANAGEMENT

The District’s land and asset inventory is the starting point for developing an optimized portfolio in order to maximize the allocation of scarce resources. Creating utilization from the existing land and asset inventory is one focus of the business development and integrated planning process. In addition, the planning process supports both new development and expansion of existing business operations. The utilization, growth characteristics and unique selling position of the commercial operations drives the District’s enterprise valuation. This value created by the business operations creates an implied cash flow value to the District.

The following table uses a hotel example to demonstrate a “ground-up” framework for estimating land value under a ground lease model. In particular, the room rates (quality/demand) and density have a significant impact on the Estimated Land Value as can be seen from the increase from $10M to almost $35M due to the higher rent level and additional rooms.

<table>
<thead>
<tr>
<th>Ground Lease Valuation Approach</th>
<th>Version 1</th>
<th>Version 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stabilized Average Rate (estimate)</td>
<td>$100</td>
<td>$200</td>
</tr>
<tr>
<td>X Days in the Year</td>
<td>365</td>
<td>365</td>
</tr>
<tr>
<td>X Stabilized Occupancy</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>= Projected Revenue per Room</td>
<td>$29,200</td>
<td>$58,400</td>
</tr>
<tr>
<td>X Ground Rent (estimate)</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>= Projected Income Attributable to Land</td>
<td>$2,044</td>
<td>$4,088</td>
</tr>
<tr>
<td>/ Capitalization Rate (estimate)</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>= Estimated Land Value per Room</td>
<td>$34,067</td>
<td>$68,133</td>
</tr>
<tr>
<td>X Total Number of Rooms (estimate)</td>
<td>300</td>
<td>500</td>
</tr>
<tr>
<td>= Estimated Land Value</td>
<td>$10,220,000</td>
<td>$34,066,667</td>
</tr>
</tbody>
</table>

Source: Assessment Report and CCI estimates

ENABLING STRATEGIES – INFRASTRUCTURE UPGRADES

Financial Strategies & Value Capture Strategies

Through an integrated multi-tenant approach, the District has the potential to gain important political and economic support to enhance areas that can help maintain and/or enhance competitiveness while also providing value to its constituents.

Haul Road Example: The following table sets forth a hypothetical plan for financing a Haul Road that would directly benefit the working waterfront by improving throughput and efficiency while also providing secondary benefit through direct economic contribution to the working waterfront ecosystem as well as provide important public benefit to the surrounding area (Barrio Logan).

By coordinating an integrated effort, the District may be able to facilitate the completion of an important piece of infrastructure by (i) attracting off-set fees from city, state and federal sources, (ii) underwriting the long-term financing to provide a longer amortization period, (iii) attracting long-term strategic tenants to commit to a reasonable base fee for the upgrade (four partners for $500k each) leaving a small gap to be covered by improvements in operations (source: CCI estimates)

<table>
<thead>
<tr>
<th>Component</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Cost of Haul Road (10 miles at $5M/mile for a four lane road)</td>
<td>$50M</td>
</tr>
<tr>
<td>+ Public Realm Upgrade (buffer zone)</td>
<td>$25M</td>
</tr>
<tr>
<td>= Total Cost</td>
<td>$75M</td>
</tr>
<tr>
<td>+ Federal / City / Caltrans Offset Fees (estimate)</td>
<td>($25M)</td>
</tr>
<tr>
<td>= Net Cost</td>
<td>$50M</td>
</tr>
<tr>
<td>/ 30-Year Amortization</td>
<td>$1.7M</td>
</tr>
<tr>
<td>+ Average Annual Interest Expense (4.5% interest assumption)</td>
<td>$1.5M</td>
</tr>
<tr>
<td>= Annual Cost</td>
<td>$3.2M</td>
</tr>
<tr>
<td>Less: Strategic Partner Commitments (four partners @ $500k/year)</td>
<td>$2.0M</td>
</tr>
<tr>
<td>= Net Cost to be Justified</td>
<td>$1.2M</td>
</tr>
</tbody>
</table>

Source: Assessment Report and CCI estimates
ENABLING STRATEGIES – INTENSITY OF USE (Capital and Footprint)

The convention center and adjacent hotels occupy approximately 57 acres of land and generate $28.9 million in revenue resulting in an average of almost $12/SF. In addition, the hotel operations do not rely on water-based infrastructure and have limited annual operating costs (maintenance capex) resulting in a very high cash flow to square foot ratio. By developing strategies that seek to take advantage of inherent asset leverage and increase cash flow per square foot where appropriate, can help rationalize infrastructure and spread maintenance costs.

In addition to intensity of use, having multiple operating entities in a concurrent development strategy can further rationalize infrastructure cost while also creating benefit through diversity of use/offerings and potential operating synergy. As an example, if a Tier I Operating Entity has the ability to provide the basis for $100 million in infrastructure spending, by working from the bottom up, if a project had an infrastructure investment requirement of $320 million, we can see that a second Tier I Operating Entity along with 10-12 Mid-Tier and smaller business operations would close the funding gap. In this way, the “in-fill” business operations have the ability to help cover an additional $120 million of infrastructure investment if a strategy to incorporate additional uses is employed during the initial planning phase.

<table>
<thead>
<tr>
<th>Tenant Category</th>
<th>Annual Rents</th>
<th>Number of Tenants</th>
<th>Annual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier I Operating Entity</td>
<td>$10M</td>
<td>x 2</td>
<td>$20M</td>
</tr>
<tr>
<td>Tier II Operating Entity</td>
<td>$1.5-$3.0M</td>
<td>x 4</td>
<td>$8.25M</td>
</tr>
<tr>
<td>Tier III Operating Entity</td>
<td>$500K</td>
<td>x 8</td>
<td>$4M</td>
</tr>
<tr>
<td>Total Annual Income</td>
<td>$32M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Multiple</td>
<td>10x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rationalized Infrastructure Investment</td>
<td>$320M</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Assessment Report and CCI estimates

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ENABLING STRATEGIES – IMPACT OF DENSITY

Revenue & Infrastructure Investment Impact

Using a hotel as an example, increasing the FAR from 2.0 to 5.0 on a 100,000 square foot land area with a 67% total buildable area will add approximately 350,000 square feet to the building increasing the total rooms from 210 to 520. The additional 310 guest rooms would generate approximately $15.0 million in additional annual revenue on an incremental investment of approximately $5.0 million. The result is a 3.0-4.0 year payback period and an additional $65M+ increase in asset value. The increased revenue also generates an additional $1.2 million in rent revenue to the District.

Assuming approximately 15% of construction cost for related infrastructure upgrades, the larger development carries approximately $13 million in infrastructure costs compared to approximately $5 million under the smaller

<table>
<thead>
<tr>
<th>Category</th>
<th>Scenario #1</th>
<th>Scenario #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Land Area (SF)</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Building Gross Area (SF)</td>
<td>67,000</td>
<td>67,000</td>
</tr>
<tr>
<td>Floor Area Ratio</td>
<td>2.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Building Size (SF)</td>
<td>200,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Construction Cost (estimate)</td>
<td>$40M</td>
<td>$101M</td>
</tr>
<tr>
<td>Guest Rooms</td>
<td>210</td>
<td>520</td>
</tr>
<tr>
<td>Gross Income (estimate)</td>
<td>$12M</td>
<td>$29M</td>
</tr>
<tr>
<td>Asset Value</td>
<td>$42M</td>
<td>$106M</td>
</tr>
<tr>
<td>Rental Income</td>
<td>$820k</td>
<td>$2.0M</td>
</tr>
<tr>
<td>Supported Infrastructure (estimate)</td>
<td>$5M</td>
<td>$13M</td>
</tr>
</tbody>
</table>

Source: Assessment Report and CCI estimates
ENABLING STRATEGIES – FINANCING STRATEGIES

Given the scale and capital intensity of the District’s core operations, it is extremely important that the District develop a series of financing tools that can help enable investment. These tools can range from Public-Private Partnerships and Build Own Operate/Transfer agreements to the creation of a financing platform in which the credit rating and tax status of the District can help attract capital.

The cost of capital has a significant impact on project development as it relates to timing, programming, deal structure (risk allocation) and economics. The following table sets forth the impact on the implied land value of $10.0 million in rental income based on the relevant capitalization rate between 1990 and 2012. The Capitalization Rate is value multiple in which income is divided by the Capitalization Rate to arrive at total asset value. For example, $10M/6.0% = $166.7M. Equivalently it can be viewed as a multiple by taking the inverse of the Capitalization Rate. For example, 1/6.0% = 16.67 x $10M = $166.7M.

In the following table, a 4.0% difference in the Capitalization Rate represents an almost 70% differential in value. This has a dramatic effect on transaction volume and redeployed capital for on-going investment and upgrades.

<table>
<thead>
<tr>
<th>Capitalization Rate</th>
<th>Value Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.0%</td>
<td>$166.7M</td>
</tr>
<tr>
<td>7.0%</td>
<td>$142.8M</td>
</tr>
<tr>
<td>8.0%</td>
<td>$125.0M</td>
</tr>
<tr>
<td>9.0%</td>
<td>$111.1M</td>
</tr>
<tr>
<td>10.0%</td>
<td>$100.0M</td>
</tr>
</tbody>
</table>

NOTE: Since the District does not develop assets for sale, business/financial cycles impact revenues on volume and use based leases and impacts the ability to develop new projects. Therefore, new projects and lease negotiations should be done during strong times to extend and increase rents, and development planning should be set up to create a development platform based on a “7 + 3” year time horizon (based on the assumption that economic cycles run full circle about every 10 years). Facilitating low-cost financing through innovative financing strategies can have a significant impact on the District’s development prospects as well as its financial position related thereto.
Conclusion
The District should consider leveraging long-term stable tenants to provide economic justification for long pay-back assets. The District has a number of very stable long-term tenants and agreements (including shipbuilding tenants, marinas and related facilities, recreation and convention center hotels, etc.) that provide stable and predictable income. In addition, the region has performed well in job growth through the recession, providing a stable operating and investment environment. The District should consider the following:

- Take advantage of the of the District’s staying power and long-term operating position in all aspects of its business operations
- Focus on high-quality tenants within long-term sustainable industries and new growth opportunities
- Utilize the inherent leverage of long-lived assets as a competitive tool for attracting and retaining high quality tenants and long-term investment
- Gain asset and financial leverage by increasing density and Floor Area Ratio (“FAR” – the ratio of a building’s total gross floor area to the area of the land upon which it is built).
- Position on-going maritime investment with a consideration towards near-term and medium-term trends
- Build financing programs to address capital expenditure and maintenance requirements in a pro-active way
- Identify top strategic partners and Private-Public Partnership (“PPP”) opportunities
- Take advantage of a powerful platform that has the ability to combine asset leverage, operating leverage, and financial leverage to create above average returns.

Notes regarding Economic Development Considerations

This Appendix B is for informational purposes only and includes various economic concepts, recommendations and strategies, as well as potential objectives, goals and projections. The information contained herein should not be relied on by any third party when making decisions, including without limitation, when deciding whether to invest or develop within the District or the surrounding areas, or make any public or private offering of securities, debt, equity, or other similar purpose. Nor is any third party entitled to rely upon this report without the District’s written consent.