



Welcome to an overview of the Port of San Diego - a unified district encompassing five member cities surrounding San Diego Bay.

Our story is this: We have guided the development of 34 miles of prime waterfront property with a carefully selected portfolio of world-class commercial real estate, maritime and public uses. And we have big aspirations for the future.

We are charged by the State of California with developing the tidelands and commercial business as stewards of San Diego Bay. We share the waterfront with the Navy, which oversees 17 miles of the bay.

Agenda

- What the Port does
- Development projects
- Q & A

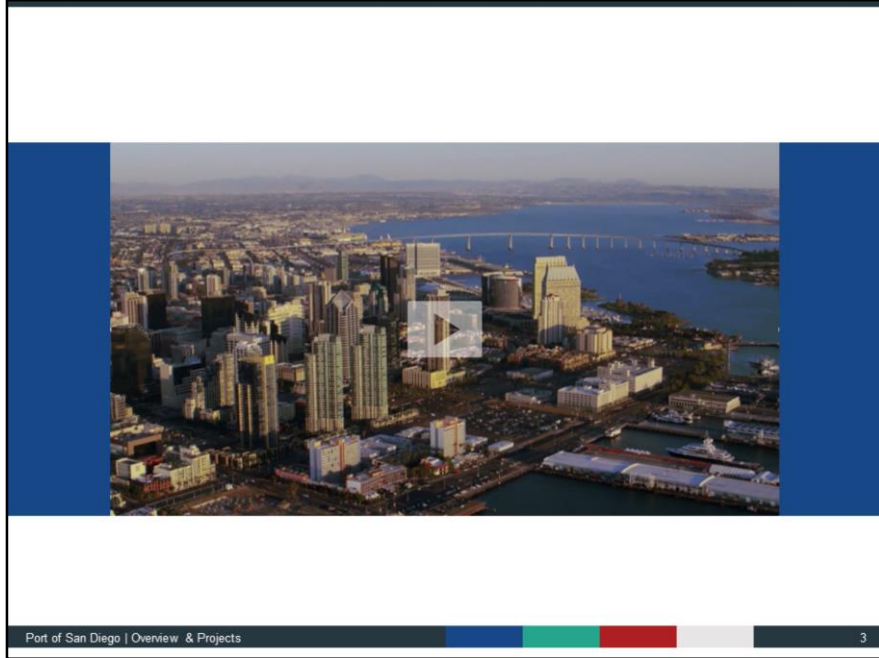


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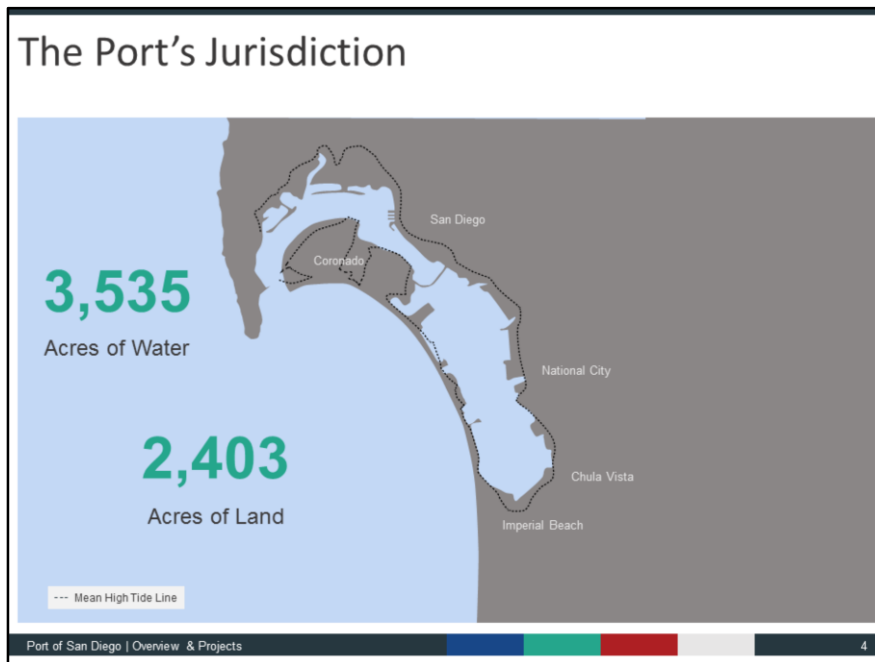
Today we are going to take a look at what the Port oversees as well as review major development projects.

When people think of ports, they often think specifically about maritime – cargo and cruise.

But the Port of San Diego is a unique economic engine that oversees so much more. In addition to managing traditional maritime uses, the Port also oversees real estate, water and land recreation, tourism, public safety and environmental stewardship.



Let's dive into the details with this video ...



The Port was created by an act of the State Legislature on December 18, 1962.

We are trustees for the State of California for San Diego Bay. We are not City Departments like the Ports of Long Beach and Los Angeles.

The Port's jurisdiction of 34 miles of waterfront includes 2,403 acres of land and 3,535 acres of water spanning five cities – Chula Vista, Coronado, National City, San Diego and Imperial Beach. The Port manages this area on behalf of the residents of California.

We work in collaboration with numerous state agencies including: the State Lands Commission, the California Coastal Commission, the State Department of Boating and Waterways and the U.S Department of Fish and Wildlife

Tidelands Trust Act

- Details Port's responsibilities
- Directs Port to manage San Diego Bay and the Tidelands
- Port must promote commerce, navigation, recreation and fisheries



The Port's responsibilities are outlined in our governing legislation, which is called the Tidelands Trust Act.

This act directs the Port to manage the bay and tidelands on behalf of the citizens of the State of California in a manner that promotes commerce, navigation, recreation and fisheries while balancing the uses of these areas.

Governance

- Seven-member appointed board
- 527 employees
- \$142 million operating budget
- Self-sustaining agency

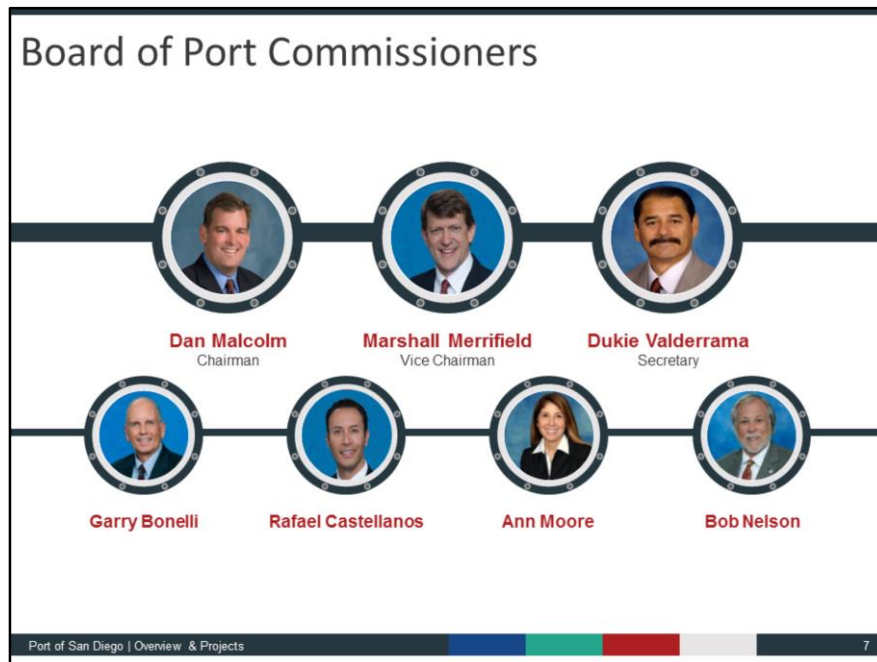


The Port is governed by a seven-member Board of Port Commissioners who are each appointed by the city councils of their respective cities.

The Board of Port Commissioners establish policies under which the Port's staff, supervised by the President/CEO, conducts daily operations.

As you can see on this slide, we operate with a \$142 million budget. What's significant about that number is not the amount, but the fact that all of that is self-generated by the Port's business activities. Since 1970, **the Port has not collected one dime of taxpayer money for its operations.**

You'll hear me point out a few facts this morning that illustrate what makes the Port such a unique agency, and this is certainly one of the biggest reasons.



Here is our structure:

The Port is governed by a seven-member Board of Port Commissioners who are each appointed by the city councils of their respective cities.

There is one representative designated for the cities of Chula Vista, Coronado, National City and Imperial Beach. The City of San Diego appoints three commissioners, because it is the largest of the Port's five member cities.



So, let's take a deeper look at what we do.

This slide illustrates our five largest focus areas --- harbor police, maritime, recreation, environmental and land use, and real estate development.

Of course, we also have several administrative departments not shown on this slide that support our agency's operations such as information technology, financial services, human resources, marketing and general counsel, to name a few, all play an important role in keeping the Port moving forward, but these five areas shown here are what we'll look at in more detail.

Harbor Police: Our 123 sworn employees serve San Diego Bay, San Diego International Airport and Port tidelands in our five member cities.

Maritime: The Port is the 4th largest of 11 California ports and the largest break-bulk (non-container) port in California. We oversee a working waterfront of boatyards, sport-fishing landings and marine cargo terminals. The Port of San Diego is designated as one of 17 commercial U.S. Strategic Ports for military use.

Recreation: We also maintain 20 public parks as amenities that attract visitors and enhance the value of our waterfront.

Environment/land use: The Port is an environmental steward and our Green Port Program sets measurable goals for conservation, waste reduction and pollution prevention. We have a Green Port Plan and a Climate Change Plan.

Real estate/engineering and construction: We have guided the developments of 34 miles of prime waterfront property including 16 hotels, 25 marinas, numerous restaurants, tours and museum attractions and oversee 800 tenant businesses.



Let us now take a look at some current and future real estate projects in more detail that the Port of San Diego staff is working on related to economic development.

North Embarcadero Visionary Plan Phase I



- The North Embarcadero Visionary Plan Phase I, is beautifying an area on North Harbor Drive from the Navy Pier to the B Street Cruise Ship Terminal. It also includes an area on West Broadway from Pacific Highway to North Harbor Drive.
- The project has widened the waterfront esplanade, added a new public restroom, ticket kiosks, information center, café building, landscaped medians and other areas. West Broadway is now lined with elegant Medjool Date Palms and decorative lighting.
- This is a joint project between the Port, the City of San Diego and Civic San Diego. Construction began in January 2012.
- The public spaces of the North Embarcadero Visionary Plan are now complete and open to the public. These include promenades, roadways, gardens and walkways.

- A ribbon cutting ceremony to celebrate the project's completion was held on Saturday, November 15, 2015. The project was completed at the end of January 2015.

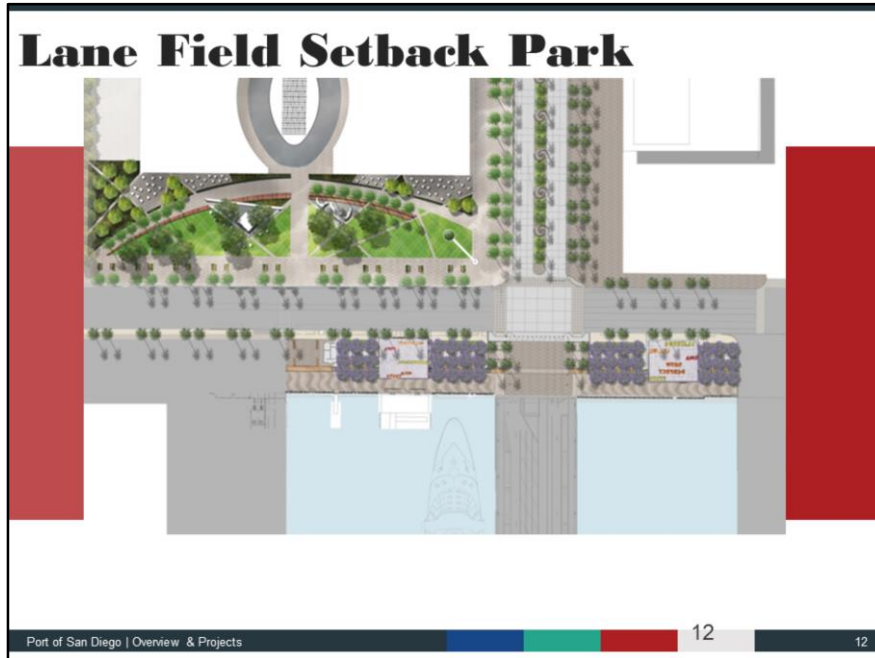
Lane Field North

- First new hotel construction since 2008
- 150-setback from Harbor Drive
- Includes Lane Field Park, homage to the first home of the Padres



- The Lane Field North hotel project was approved in February 2013 by the California Coastal Commission and is now under construction. The project consists of a dual-branded, 400-room hotel that is being developed on Lane Field, the former home of the old Pacific Coast League Padres, at the foot of West Broadway.
- The developers are also building the Lane Field Setback Park on the east side of North Harbor Drive. The park, along with additional public areas on the hotel site, will add two acres of public space.
- The hotel will include both a Springhill Suites by Marriott and a Marriott Residence Inn. It is a \$130 million project. (The Springhill Suites will be 253 rooms. The Residence Inn will have 147 rooms.)

- Ground was broken in May 2014. The project is on schedule and is anticipated to be completed in early 2016.
- The new hotel will become a source of new transient occupancy tax revenue for the City of San Diego. It is estimated that it will generate more than \$2.5 million annually in TOT at stabilization.
- We are in ongoing negotiations to approve a second hotel tower on the southern portion of this site. Annual TOT to the City from the second hotel is expected to exceed the estimated amount from Lane Field North.



- Lane Field Setback Park is a 1.6-acre park that is being developed on the east side of North Harbor Drive. The project began construction in May 2014 and was completed in January 2015.
- The park was built by the developers of Lane Field. The park will honor the baseball history of Lane Field, the former home of the Pacific Coast League Padres.



- The San Diego Marriott Marquis & Marina is in the process of a five-year, \$182 million renovation. All of the hotel's rooms have been renovated, as well as the entrance, lobby, pool deck and fitness center. The Marriott also opened a new restaurant, Marina Kitchen.
- The California Coastal Commission approved a Port Master Plan Amendment for the project's next phase on November 15, 2012.
- The next phase will scrap and rebuild the current Marriott Hall banquet room. It will become a new two-story facility with a 25,000 square foot ballroom and 35,000 square foot exhibit hall.
- An outdoor event facility and a 600-foot long public promenade will also be created.

- The Board of Port Commissioners authorized issuance of an appealable Coastal Development Permit for the project at its May 7, 2013 meeting.
- Next steps include: complete working drawings and permitting process. Demolition of the old building and construction is expected to commence in December 2014.
- The project will produce about 400 temporary construction jobs and 176 new permanent full-time positions.
- It is estimated that the enlarged Marriott will generate \$2.7 million annually in additional transient occupancy tax revenue for San Diego.



- The Old Police Headquarters building, located adjacent to Seaport Village, just underwent an extensive renovation. Built in 1939, it is a designated historic building. Terramar Retail Centers, managing member of Seaport Village Operating Co., LLC, which holds a 40-year lease with the Port of San Diego on the Old Police Headquarters site, oversaw the renovation work. The renovation maintains the architectural style of the original building in all of the project details.
- The renovation converted three existing buildings into 30 shops and restaurants. Roof tiles, wood doors, ironwork, skylights, windows and other elements were preserved.
- It is branded as “The Headquarters,” a premier shopping, dining and entertainment destination.

- Currently there are 22 tenants with five anchor restaurants, including the Cheesecake Factory, Pizzeria Mozza, Puesto, Season's 52 and Eddie V's.
- The Headquarters officially opened for business November 17, 2013. This was a \$40 million project.

Tuna Harbor Dockside Seafood



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- One of our most popular and long sought after additions -- the Tuna Harbor Dockside Seafood Market – debuted in early August and is a rousing success.
- Operating only on Saturdays, the market is selling a ton - literally, one ton per Saturday - of fish and other seafood each weekend.
- The Port-launched-market has turned an unused pier near the Midway into a runaway bustling venue offering freshly-caught fish and shellfish to the public.
- The market is the realization of a dream of two generations of small business fishing boat owners, and provides an opportunity for residents to directly support the local fishing industry.

National City Aquatic Center

- National City project
- Port providing:
 - Land
 - \$3.9 million
- 4,700-square foot facility
- Project in bidding stage
- Construction began in November 2013
- Anticipated completion in August 2015



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- The National City Aquatic Center is a City of National City project that received funding from the Port and a lease on Port land.
- All entitlements for the project were completed in 2011. But the dissolution of the State's Redevelopment Agencies caused project setbacks.
- Initially, the Port was going to contribute a fraction of the cost of this project. However, at the request of the City, the Port re-allocated funds to provide the \$3.9 million needed to build it.
- This project is a priority for National City and we wanted to support that.
- To do this, the Board of Port Commissioners in July 2013 took action to reallocate funding from its Capital Improvement

Program that had been scheduled to go toward another public improvement in National City.

- The Aquatic Center will be 4,700 square feet, located adjacent to the Port of San Diego's Pepper Park.
 - Will offer kayaking, rowing and environmental educational courses through the local YMCA.
 - Currently, project is in bidding stage through the City of National City.
 - Port of San Diego's contribution: Capped at \$3.9 million.
 - City is responsible for building and maintaining the facility.
 - Construction began in November 2013 and is anticipated to be completed in 2015.

Chula Vista Bay-Front Project

This aerial map illustrates the Chula Vista Bay-Front Project, highlighting various development zones and landmarks. The project area is outlined in orange and includes:

- Office** zone in the northwest.
- Small User Commercial** zone.
- Big Park** and **Big Park Campground** in the west.
- Native Garden** and **Signature Park** (17.5 ac) in the southwest.
- Chula Vista Nature Center** and **Sweetwater Marsh** along the western shoreline.
- Hotel** and **Cultural Hotel** in the central area.
- World User Commercial** and **Parking Structure** in the north-central area.
- Public** and **Community** zones in the northeast.
- Harbor and Marina** with a **Retail/Community** area.
- Harbor Park** (25 ac) and **Park** (25 ac) in the central harbor area.
- Prologis Business Park** and **EV Park** in the east.
- South Bay Salt Ponds** and **Wildlife Reserve** in the southeast.

The map also shows **Interstate 5** running horizontally across the top, **San Diego Bay** to the south, and a **North** arrow in the bottom right corner.

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primary uses to the North and South. Harbor District includes:

- Large resort conference center that will contain up to 415,000 square feet of conference center space, 1,600 hotel rooms, along with restaurants and retail space
 - Other hotels up to 1,250 hotel rooms
 - Pacifica Companies will develop 420,000 square feet of office space and 1,500 private residential units
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- The Port was pleased to have an experienced respondent, RIDA Development Corporation, to the Chula Vista Bayfront Development Request for Qualifications, as the result of an open, competitive solicitation process. (There were 176 prospective bidders registered on the PlanetBids site.) The Port, City and consultant team are working to establish the appropriate next steps for moving this process forward.

Maritime Operations

The Port's maritime operations department manages cargo handling facilities, cruise operations and several mooring locations on San Diego Bay.

- Fourth largest of 11 California ports
- 2 cargo terminals
- 2 cruise terminals
- One of 17 U.S. strategic ports



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The Maritime Commercial Group works to identify and develop cargo opportunities at our two marine terminals. I am going to focus the majority of the remainder of my remarks on providing you an overview of our maritime cargo operations.

When we break down how our real estate is used, maritime encompasses a large portion of our land holdings.

We currently operate two cargo facilities --- the Tenth Avenue Marine Terminal in San Diego near the convention center, and National City Marine Terminal in National City.

We also manage two cruise ship terminals on the North Embarcadero --- B Street Terminal and Broadway Terminal, which are located next to each other.

The primary trade areas are Asia and Southeast Asia, Europe, and Central and South America.

We primarily handle imported cargo (approximately 90% of volume), although approximately 10% of our volume is exports. We see opportunity to increase our export business. Today we export bulk soda ash with Searles Valley Minerals, and

“Break bulk” machinery and other heavy equipment with Solar Turbines (*note: also a Port tenant located adjacent to the Airport)

I should also mention that the Port of San Diego is one of only 17 designated military strategic ports in the United States, which means our maritime terminals provide the infrastructure and services necessary to support military deployment activities. That designation ties our land use at our marine terminals to another layer with the U.S. military, adding to that balancing act that I mentioned earlier.

IF ASKED


\$4.8 Billion in imports

\$79 Million in exports

One of 17 U.S. Strategic Ports

Cruise

- Significant economic impact to region
- Major land use on Tidelands
- Home to Disney, Norwegian, Princess and Holland America



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The Port of San Diego's cruise business is an essential component of the tourism industry. Every time a ship docks here, the region benefits economically.

San Diego is California's No. 3 busiest cruise port behind Long Beach and Los Angeles.

The Port's main cruise facility is the B-Street Cruise Terminal which can handle two cruise vessels simultaneously. It is a former cotton warehouse.

The other cruise facility is the Broadway Port Pavilion. It can handle one vessel at a time. It was refurbished in 2011 at a cost of approximately \$22 million dollars. It also is used by the public for events on a fee basis.

This season will bring 70 cruise calls and about 200,000 passengers, which is a little more than one-fourth of the number of calls that San Diego received at its cruise peak in 2008.

The Port is aggressively pursuing opportunities to restore its business to pre-recession levels, and was proud to announce the arrival of Disney Cruise Line to San Diego in 2014.

Other top cruise lines here are Holland America, Norwegian and Princess Cruises.

Cruise business is impactful to the region. A home-ported cruise is one that begins and/or ends its itinerary from San Diego and generates a \$2 million dollar economic impact. A port-of-call means the ship simply visits San Diego during its voyage. Cruise ships visiting U.S. ports yield an average of \$317,000 in passenger and crew spending at local restaurants, shops and attractions.

Cargo

- Specialize in break-bulk cargo at Tenth Avenue Marine Terminal
 - Bananas, cement, project cargo
- Specialize in roll-on and roll-off cargo at National City Marine Terminal
 - Automobiles and lumber



Cargo received at the Port's Tenth Avenue Marine Terminal includes things like cement, project cargo for power plants, steel, windmill components, soda ash, fertilizer, bananas, fresh fruit and other perishables.

FACT: *More than 185 million bananas pass through Tenth Avenue Marine Terminal each month.*

Dole will be putting new, larger vessels into their deployment at the end of 2015 which will almost double their volume capacity. Those vessels will call on TAMT – increasing cargo volume at the facility, and also export opportunities and regional jobs.

Cargo received at the Port's National City Marine Terminal includes lumber and automobiles.

FACT: *One in every 10 imported cars on our nation's highways came through the Port.*

Pasha Automotive Services is the operator at NCMT

Pasha is also adding another vessel to their service. The US-Flagged, Marjorie C is coming to San Diego in May 2015 and will be able to handle both

automobiles and containers. Once in service, the Port will have a weekly service to Hawaii from NCMT.

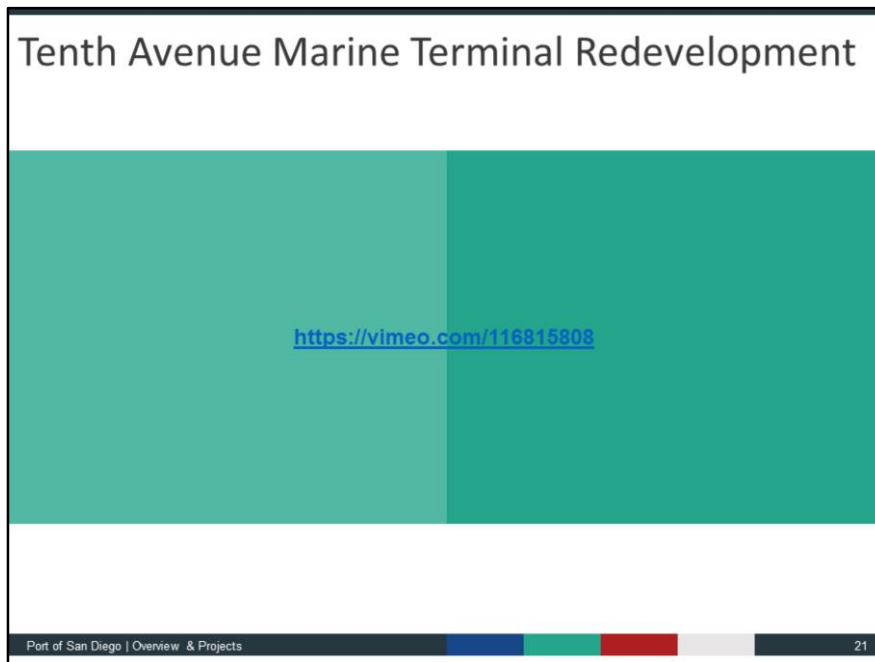
All told, the Port handles \$4.8 billion dollars of imports.

In addition, we handle about \$78 million dollars worth of exports. To this end, we are participating in the Brookings Institution export initiative to develop a regional export strategy to help boost this export number, ultimately creating local jobs and improving the regional economy.

BNSF is our rail partner. They offer “Class 1” service and on-dock rail access to both terminals. BNSF moves cars, soda ash in bulk, and some break bulk cargo via rail.

IF ASKED

- 2.7 million metric tons of cargo imported in 2014
- More than 388,000 cars imported in 2014
- \$4.8 billion in imports
- \$78 million in exports
- Developing a regional export strategy through the Brookings Institute



I now would like to show you all a Marine Cargo Terminals Video.

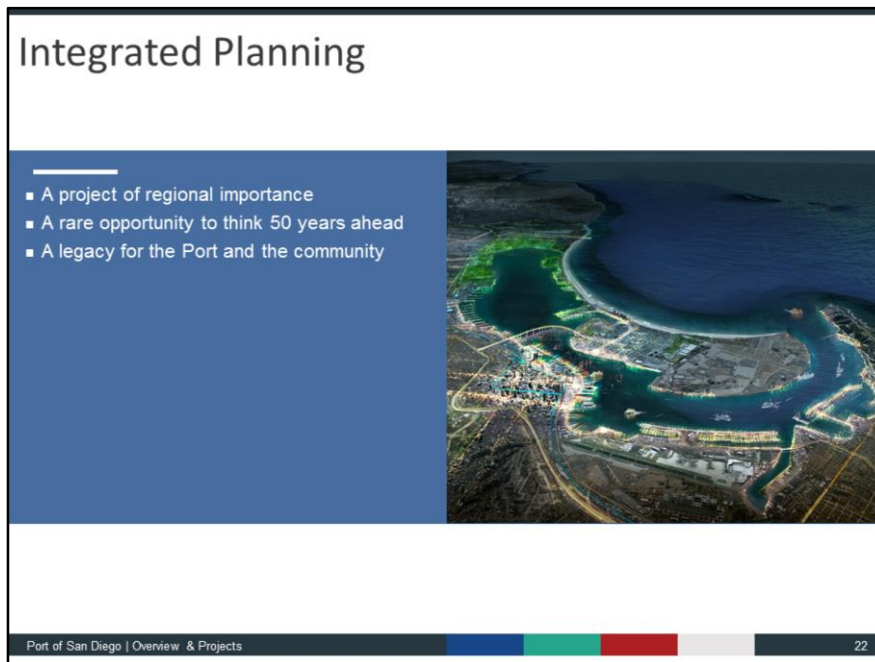
I want to spend just a few more minutes talking about the Tenth Avenue Marine Terminal specifically.

We are in the process of conducting an environmental review – looking at some proposed modernization concepts for this terminal. The proposed redevelopment plan – which you will see in this video – removes outdated infrastructure (transit sheds), and creates three cargo handling areas. These three areas would cater to the three specific commodity types in which we have developed unique industry expertise:

- Break-bulk: High, wide, and heavy items that do not fit in containers
- Refrigerated containers for perishable goods and fresh fruit, and
- Dry Bulk: Cement and other commodities that support the local construction industry.

We see this as a major opportunity to invest in this facility while maintaining it's current footprint, with the outcome of maximizing sustainability in goods movement, increasing cargo volumes and efficiency, creating good jobs and generating positive economic impact for the region.

Here's the video.



We will finish this presentation by noting that the Port is in the midst of developing a 50-year vision plan as part of the Port Master Plan Update to help guide land and water uses in San Diego Bay.

We have just concluded the initial visioning phase of this project that will eventually result in a new Port Master Plan.

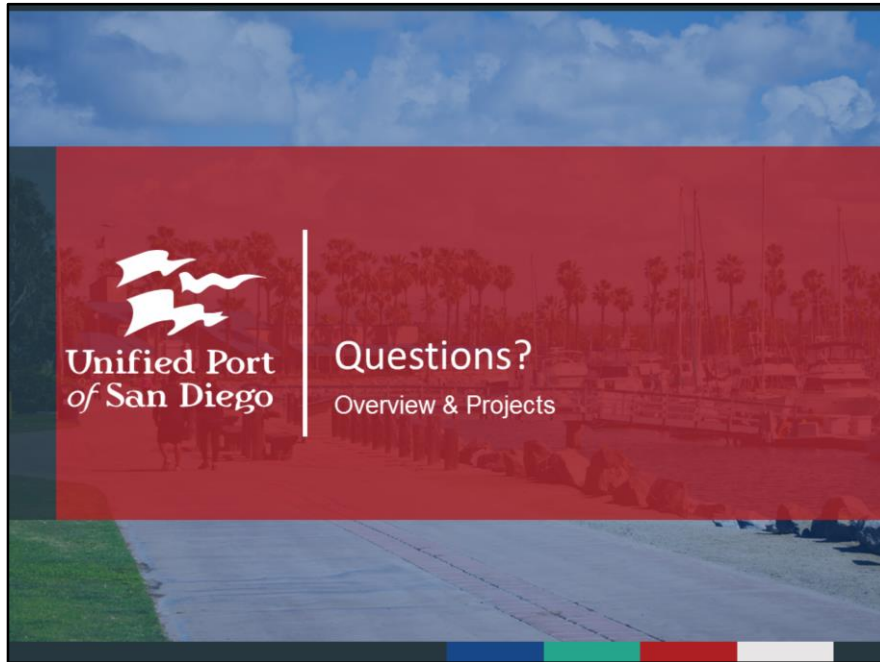
The vision and guiding principles which were developed during this phase will ensure a holistic, thoughtful and balanced approach to creating a vibrant, sustainable bay for future generations.

The public was engaged through a variety of workshops throughout the past year in the Integrated Planning process and will continue to be involved as the effort moves forward.

Goals of the Integrated Planning process:

- * Create excitement for the San Diego Bay waterfront
- * Integrate current and future assets in a comprehensive manner
- * Establish the Port as a local and regional leader
- * Produce a 50-year vision consistent with the Port's mission statement
- A plan that would be supported by the Port Commissioners and the region

I am pleased to report that after several public workshops with the Public, the Public wants to retain the marine cargo terminals and not convert them to redevelopment property for sports stadiums or hotels and restaurants.



This concludes my presentation.