



Thank you for having me today. It's a pleasure to be on the panel and share our story.

Before I go too far into this short presentation, I want to provide you with a brief overview of the Port of San Diego.

- Established in December, 1962
- Special district of the State of California
- 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.
- Diverse mission: In addition to managing traditional maritime cargo and cruise business, the Port also oversees real estate development, water and land recreation, tourism, public safety and environmental stewardship.
- 34 miles of waterfront includes 2,403 acres of land and 3,535 acres of water
- Jurisdiction spans five cities – Chula Vista, Coronado, National City, San Diego and Imperial Beach.

The primary cargo 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

- export bulk soda ash with Searles Valley Minerals, and “Break bulk” machinery and other heavy equipment with Solar Turbines

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.

Agenda

- The Project: Tenth Avenue Marine Terminal (TAMT) Modernization – Transit Shed Demolition and Rail Improvements
- Previous Applications
- Finally Finding Success
- Lessons Learned
- Next Steps



This is just a brief look at what I'll cover.

Our project that was successful in receiving the TIGER grant this time was the “Tenth Avenue Marine Terminal Modernization – Transit Shed Demolition and Initial Rail Components”

I'll talk a little bit about our previous applications, what efforts we took to make this successful, the lessons we learned along the way, and what our next steps are from here.

TAMT Redevelopment

Transit Shed Demo and Initial Rail Improvements

- TAMT is a 96-acre, omni-terminal
 - Primarily refrigerated containers, break bulk, dry bulk
- Urban location
- The proposed project will:
 - Demolish two underutilized transit sheds
 - Grade the area, install reinforced concrete and lighting
 - Create up to 340,000 square feet of open cargo handling area
 - Upgrade rail lubrication and air brake testing facilities
 - Relocate office space



This is an overview of the project site.

The Port of San Diego has two cargo terminals:

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

TAMT is the project site. This is the older, and more compact, of the two terminals. TAMT was built in the late 1950's; it actually predates the creation of the Port. TAMT is the definition of an urban terminal:

- downtown San Diego is located directly to the north,
- to the east is the historical neighborhood of Barrio Logan,
- and to the south are the shipyards that of San Diego's "working waterfront."

As you can see from this picture, there are several warehouses located on the terminal. This is original infrastructure; and it was designed to support cargo that moved in very traditional ways – on pallets and in bags. So, commodities such as cotton, newsprint,

hides would have moved from the vessel into the transit sheds, then be packed onto trucks.

As we know, these types of cargos are now predominantly moving in containers. As such, these transit sheds are largely under-utilized. In contrast, the cargos that the Port has developed a high level of competency in handling – specialty containers, break bulk and dry bulk – require much more open space than covered storage. As such, removing the transit sheds is the foundation of the project.

This is another distinguishing characteristic of the project site; there is a grade difference between the berth and the eastern side of the sheds, which is used to accommodate loading docks. This grade difference is important in that it is a cost-driver to the project; after demolition, the area needs to be graded prior to reinforcement and paving.

The second set of elements is what we termed “initial rail improvements.” There are subsequent rail improvements that we are contemplating – and I will come back to that later on in this presentation.

As background, 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. Rail lines traverse TAMT on a north-south axis; they run along the western berths, along the east side of the two transit sheds, along the west side of the two other warehouses you see here, and also along the back side of the terminal, where our primary dry bulk handling area is located.

The rail components of the project involve the installation of some lubrication equipment to make it easier for rail cars to traverse some of the tight turns; and an air brake testing facility so that train air brakes can be tested prior to departing TAMT, reducing the need for an additional stop prior to leaving the region.

Finally, there are staff offices located in the transit sheds today; those staff members will be relocated either on the terminal, or to other Port buildings.

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

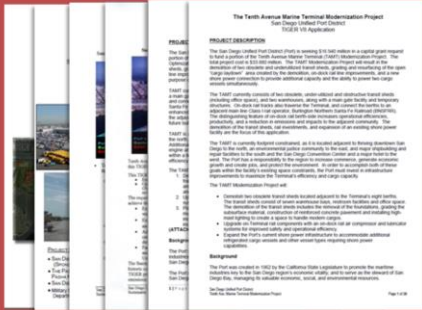
Dole will be putting new, larger vessels into their deployment at the end of 2015. Those vessels will call on TAMT – increasing cargo volume at the facility, and also export opportunities and regional jobs.

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
- *Pasha Automotive Services is the operator at NCMT*
- *One in every 10 imported cars on our nation's highways came through the Port.*

Previous Applications



- 2010: Vesta Street Project
- 2011: Chula Vista Bayfront Master Plan
National City Marine Terminal
Expansion
- 2012: Sustainable Strategic Port, TAMT
- 2013: Sustainable Strategic Port, TAMT
- 2014: Tenth Avenue Marine Terminal
Optimization Project
- 2015: Tenth Avenue Marine Terminal
Modernization Project

We had a lot of misses – 5, to be exact – before we were finally successful.

TIGER 2 – Port/SANDAG/CALTRANS Application: Port of San Diego, Naval Base San Diego and Barrio Logan Mobility Enhancement Project (Vesta Overpass)

TIGER 3 –

- Chula Vista Bayfront Master Plan
- National City Marine Terminal, wharf expansion

TIGER 4 – Sustainable Strategic Port Program (TAMT); Capacity Improvements

TIGER 5 - Sustainable Strategic Port Program (TAMT); Capacity Improvements

TIGER 6 – Tenth Avenue Marine Terminal Optimization Project

TIGER 7 – Tenth Avenue Marine Terminal Optimization Project – Success!

What Made This Time Different?

- Clear, Credible Project
- Environmental Review Underway
- Matching Funds
- Stakeholder Outreach
- Community Support



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So, what made the difference this time?

A whole bunch of small changes, which together amount to a shift in philosophy.

The demolition of the transit sheds and the rail improvements became the first of multiple proposed phases in a multi-year redevelopment of the cargo facility; Not stand-alone

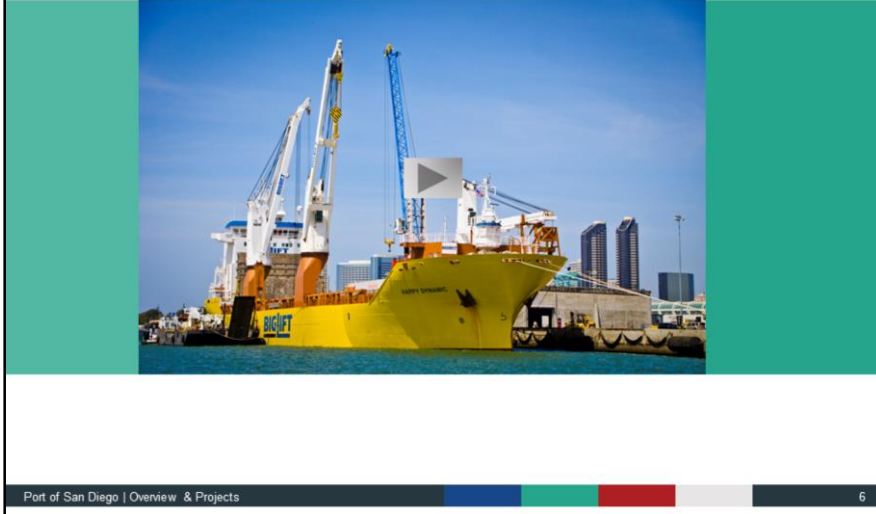
Demonstrated “skin in the game” by proactively undertaking the environmental entitlements.

Adopted the philosophy of developing projects based on need, and advancing those projects to the point of funding availability and market

readiness

3. Spent significant time and resources to address the feedback that we received in the debrief. Specifically: the economic case, and the match.
 - a. Project had to demonstrate an increase in capacity; not just an increase in marketability to established cargo sectors
 - b. Addressed the additional requirements of the project that were not inherently obvious by increasing details where beneficial – “why is demo so expensive?”
4. Advocated internally for a significant increase in our match contribution
5. Developed a “road show” to significantly increase local stakeholder, key customer, and elected officials’ knowledge of the project – and eventual support.
 - a. Collateral, powerpoint, speeches, media, video

Tenth Avenue Marine Terminal Redevelopment



Joel: 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.

Lessons Learned

- Stakeholder support is important
- “Skin in the Game” – more than just your match
- Develop a record of success
- Expanding system capacity



- Stakeholder Support
- “Skin in the Game”
 - Take projects all the way to the extent of your available funding: plan, secure environmental entitlements – even if funding for construction is unclear
 - It’s ok to put projects “on the shelf” until the timing is right
 - The match is important. Funding decision may include the ability for a grantor to stretch available funds, which will make larger matches more attractive
 - Flexibility in what elements can be tailored and/or removed to meet available funds
- Develop a Record of Success
 - “past performance” is an important indicator of future performance
 - Demonstrate the ability to successfully execute projects on time and on budget
- Expanding System Capacity
 - How does the project benefit the freight network as a whole?
 - Building on established strengths
 - It’s not about attracting already identified cargos – it’s about making a port

more competitive and attractive to cargo that would otherwise move another way; rail improvements / truck diversions

Next Steps

- Keep the momentum
- Stay in compliance
- Leverage success for future funding opportunities



Questions?



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