

SEAPORT INFRASTRUCTURE

Agenda

- Project Goals & Vision
- Goal of this Presentation
- Our Team
- Background & Context
- Proposed Infrastructure Improvements
- Economic Impact
- Infrastructure Investments
- Precedents
- Process
- Closing
- Questions & Feedback



PROJECT GOALS & VISION

A transformational project that makes financial sense and which is focused on **Purpose, People, and Planet**

The time to make a difference for our City and Planet is now.

This project has the potential to set San Diego apart.

The future of our communities, the environment, and the economy are all intertwined.

GOAL OF THIS PRESENTATION

To help understand the context of the infrastructure required to build the proposed Seaport project and to begin the discussion of options for public financing.



Our Team

Supporting the developer is a team of best-in-class consultants



CRTKL



SAFDIE RABINES
ARCHITECTS

OJB



Ninyo & Moore

ABBA
PROJECT MANAGEMENT





BACKGROUND & CONTEXT

Background

This is very early in the process; likely years before we begin the process.

We want to do it right and evaluate and understand all alternatives and options.

Finalized plan will be a result of the CEQA process.

Our financial plan is conceptual and will depend on the project that is determined feasible through the environmental and Coastal Commission review.

Today's briefing is to touch on components that could be included within a broader financial strategy.



What has changed since 2016

- Significant:
 - Underground site conditions
 - Cost escalations: 41% since 2016*
 - Underground utility relocations
 - Stakeholder & community engagement
- Discovery of seismic conditions
- Multiple reassessments of sea level rise projections**
- **Infrastructure costs have more than quadrupled**

*California Construction Cost Index

**California Coastal Commission



PROPOSED INFRASTRUCTURE IMPROVEMENTS

Infrastructure Investments That Go Beyond

- Create new shoreline infrastructure to protect against sea level rise.
- Improve storm water infrastructure.
- Enhance public transit-based travel connections and develop safe options for vehicle alternatives.
- Parking structures have been designed underground to prioritize public realm and view enhancement on-grade.
- Educate future generations about sustaining ocean resources and survival of the planet.



Private vs Public Infrastructure

Items that Generate Revenue are Considered Private

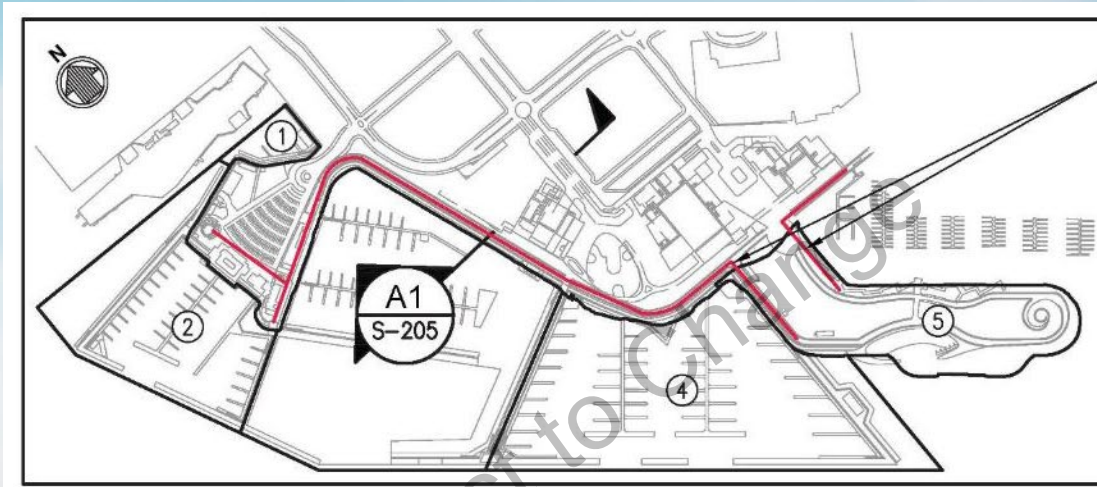
PUBLIC INFRASTRUCTURE

- Shoreline Stabilization
- Sea Level Rise Adaptations
- Power and Water Solutions
- Mobility Solutions
- Utilities
- Boardwalk and Promenade
- Green Strand
- Parks and Open Space
- Urban Beach
- Wetlands and Oyster Reefs
- Public Piers

PRIVATE INFRASTRUCTURE

- Parking
- Marina slips

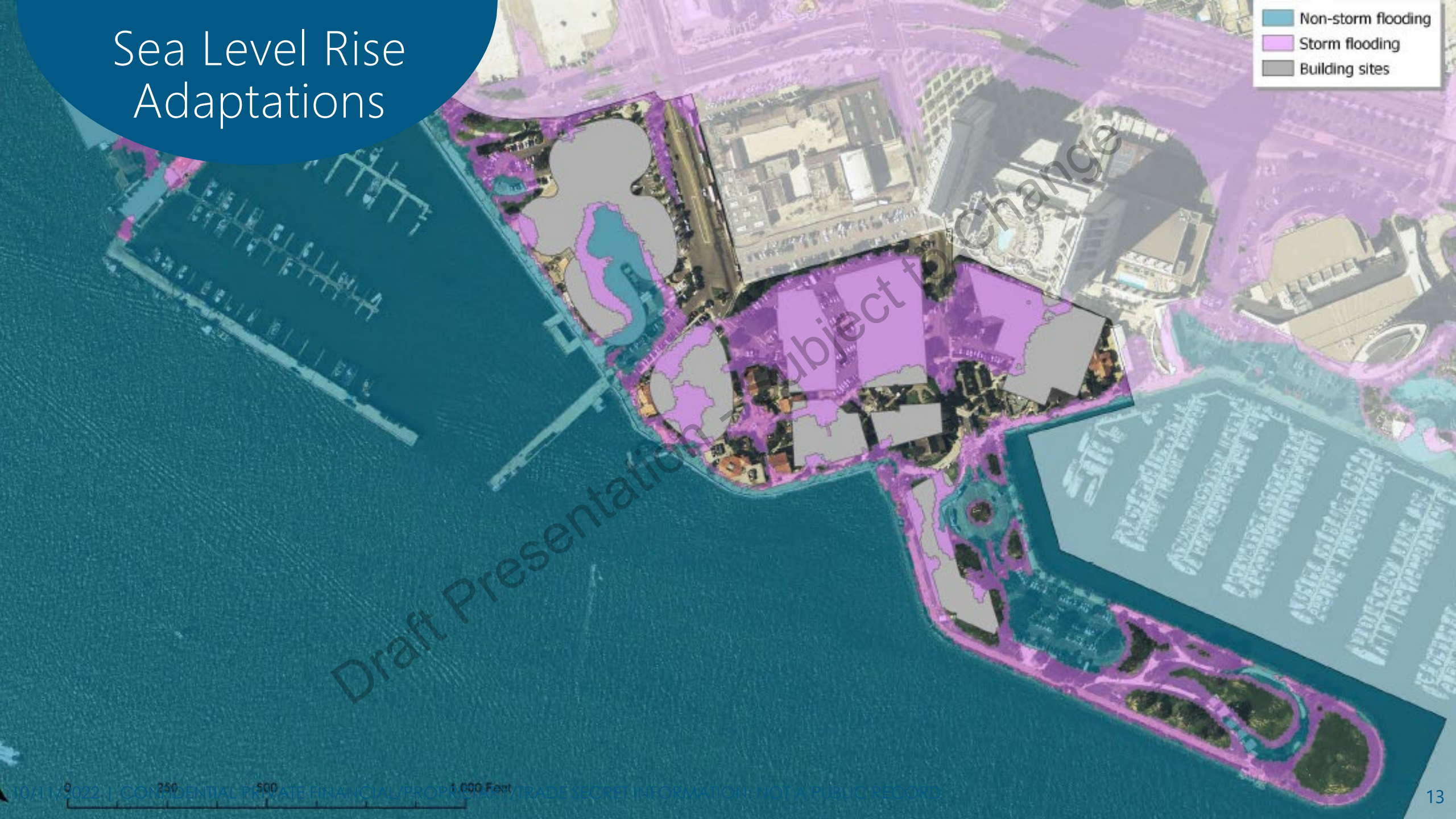
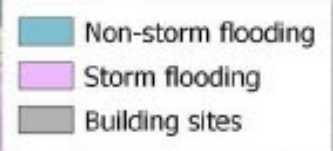
Shoreline Stabilization



APPROXIMATE LANDSIDE
EXTENT OF CDSM SOIL
STABILIZATION ≈ 4000 LF



Sea Level Rise Adaptations



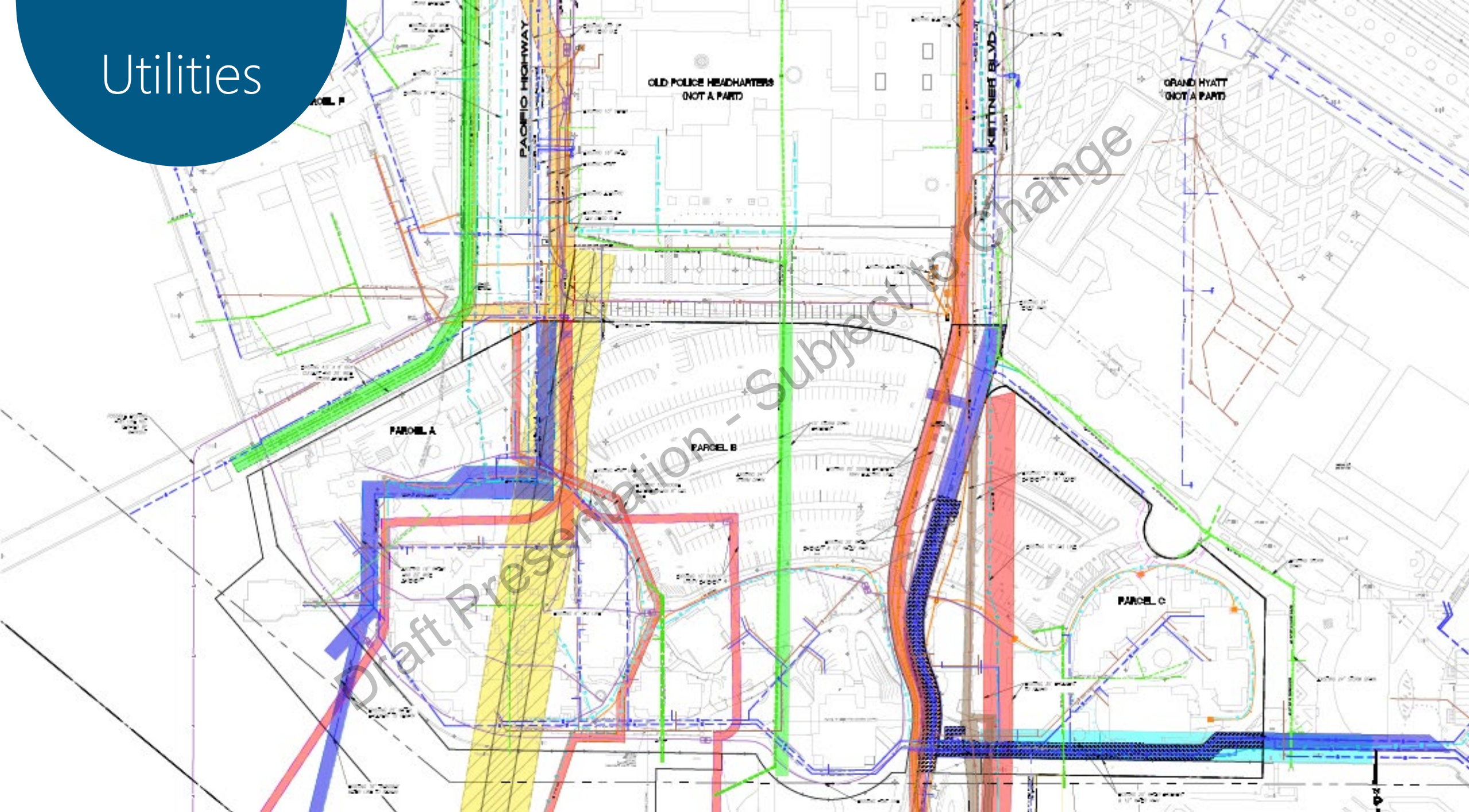
Mobility



Portside Pier



Utilities



Boardwalk & Promenade



Green Strand



Parks & Open Space



Urban Beach



Reconstructed Wetlands



Public Piers



Benefits to San Diego

- Public education
- Increased public open space on the water
- Sustainable and resilient precedent project
- Accessibility for all
- **Fiscal and economic benefits**



ECONOMIC IMPACT

Economic Impact



Job Creation

- **25,000+** Full Time Equivalent ("FTE") construction jobs
- **12,000** FTE jobs from indirect/induced impacts of construction activity
- **4,500** jobs onsite
- **2,700** induced jobs in the County

Source: Kosmont Companies (Preliminary), Fiscal/Economic Analysis of the 1HWY1 Seaport Project

Economic
Impact

Net Fiscal Impact to the
City of San Diego over
30 years

+\$1
Billion

Source: Kosmont Companies (Preliminary),
Fiscal/Economic Analysis of the 1HWY1 Seaport Project

Economic
Impact

Net Fiscal Impact to
the **County of San
Diego** over 30 years

+ \$400
Million

Source: Kosmont Companies (Preliminary),
Fiscal/Economic Analysis of the 1HWY1 Seaport Project

INFRASTRUCTURE INVESTMENTS

Hypothetical Scenario & Assumptions

- Seaport's financial team reviewed conceptual public infrastructure plans with Port Staff and Port consultant, JLL.
- This is one scenario that includes some of the public financing vehicles available to the Project.
- Numbers provided are estimated and trended forward to account for assumptions of inflation and time.
- Ultimate Project costs and revenues are subject to the environmental review process and capital markets.
- This financial example is subject to change.

Project Costs

1/3 OF THE PROJECT COSTS ARE INFRASTRUCTURE

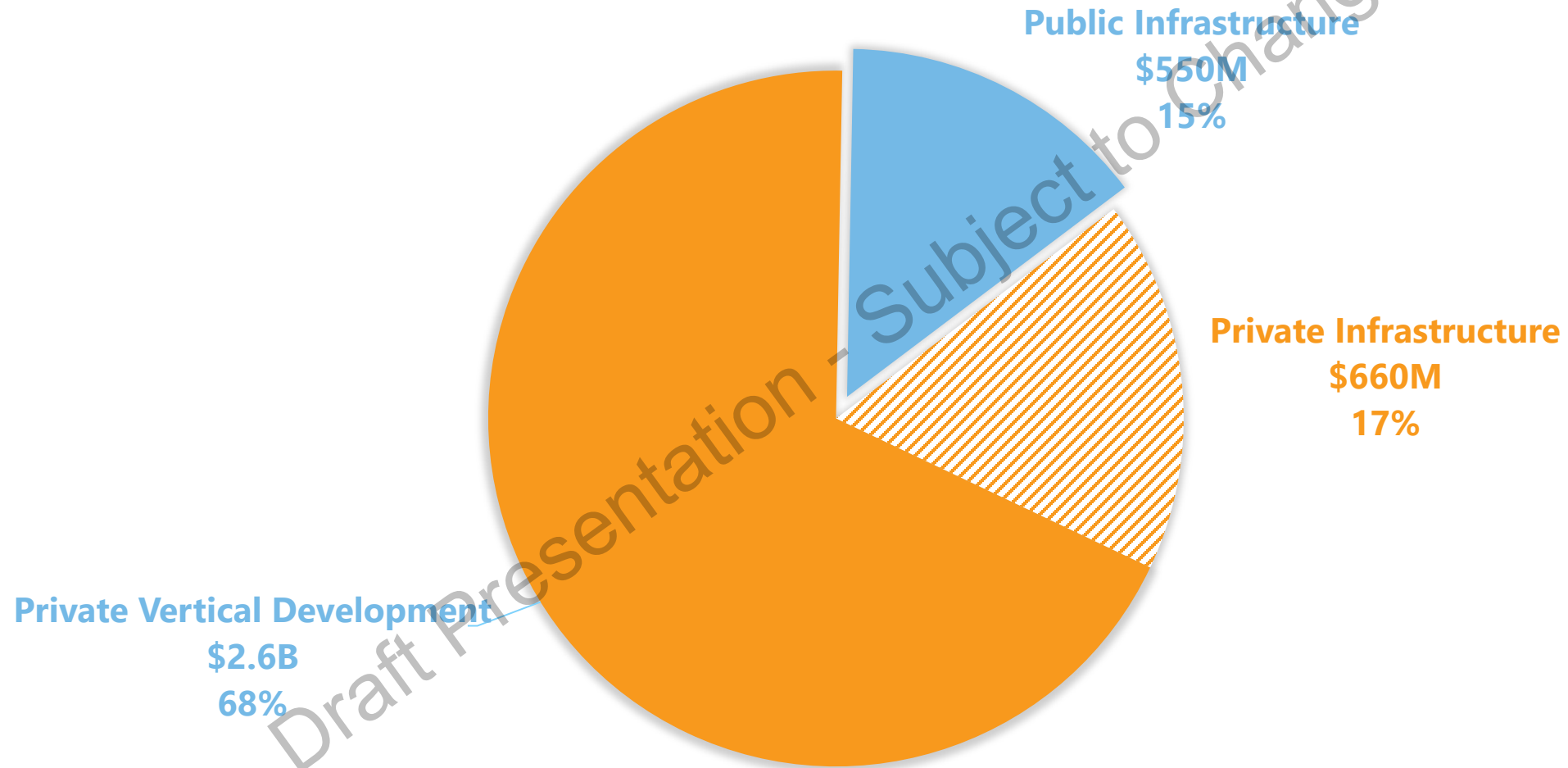
Private Vertical Development
\$2.6B
68%

Private & Public Infrastructure
\$1.2B
32%

Costs are estimated using inflation

Project Costs

BREAKDOWN OF COSTS



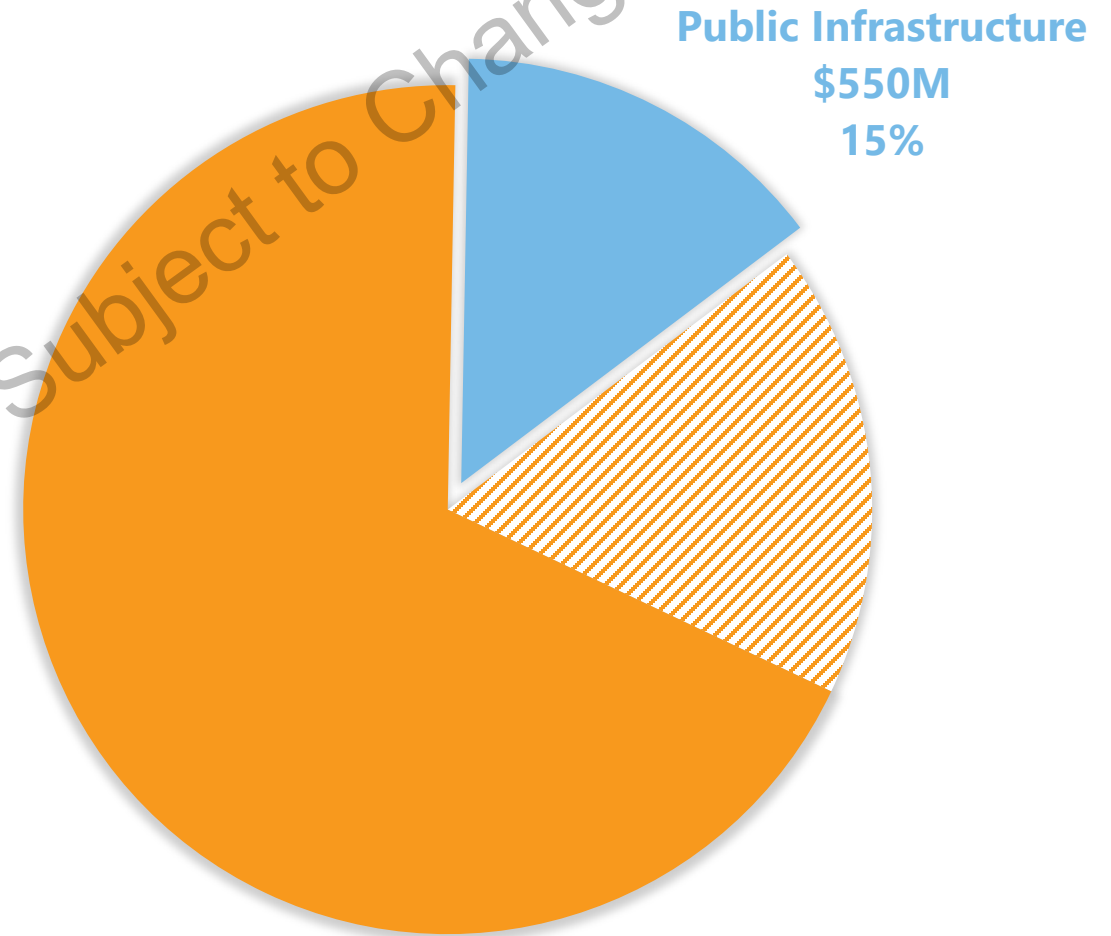
Costs are estimated using inflation

Public Infrastructure

What qualifies as public infrastructure?

- Shoreline Stabilization
- Sea Level Rise Adaptations
- Power and Water Solutions
- Mobility Solutions
- Utilities
- Boardwalk and Promenade
- Green Strand
- Parks and Open Space
- Urban Beach
- Wetlands and Oyster Reefs
- Public Piers

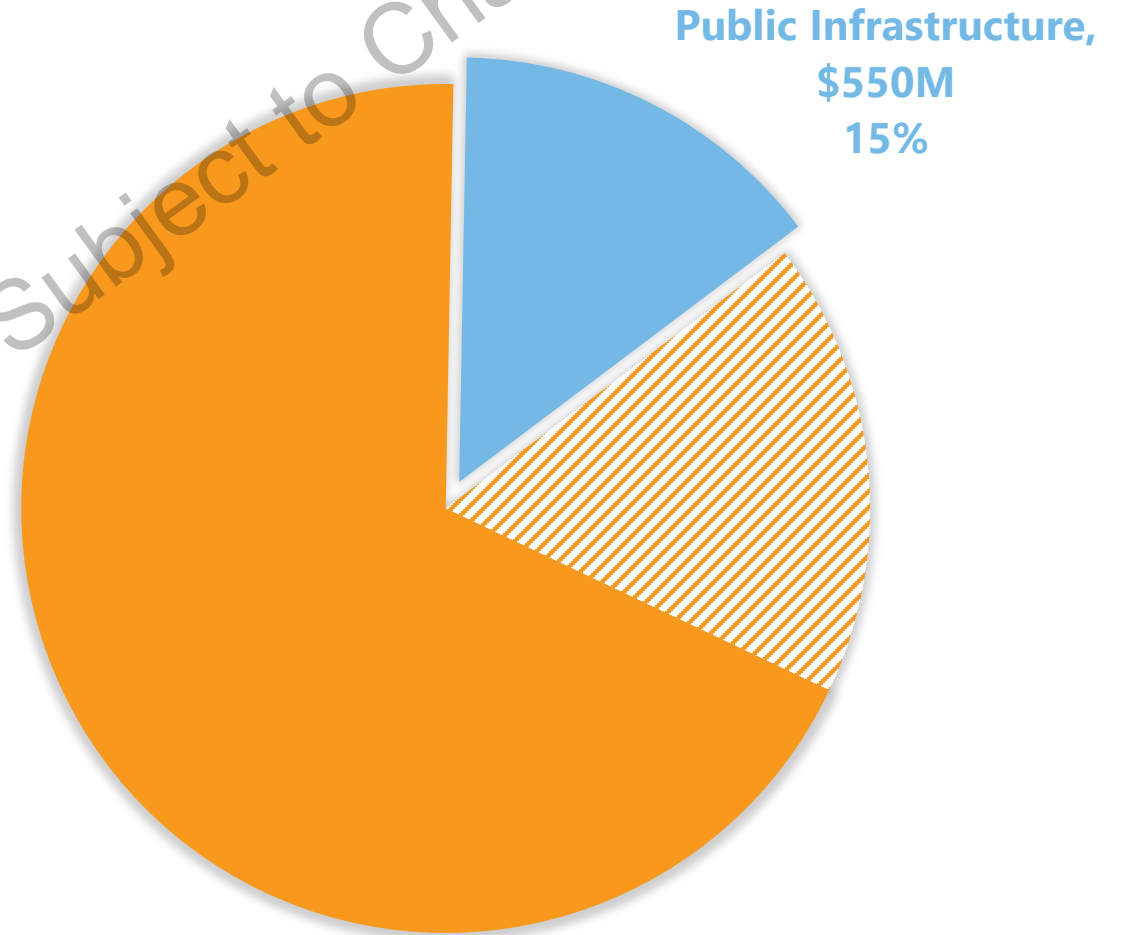
DETAIL OF COSTS



Public Infrastructure

How Can Public Infrastructure Be Funded?

- Tax Increment Financing
- Special District Financing
- Private funding
- Grants
- Loans



Sources & Uses of Funds

One Possible Conceptual Application

- **Costs of public infrastructure currently estimated at approximately \$550 million**
- **First source of funding is self-taxing using special TOT and entertainment taxes**
- Special taxes are estimated to provide approximately \$250 million
- These funds are expected to cover critical public infrastructure required for the project
- **Plan is to explore other tax-based sources to help fund public space**
- These sources may fund from \$0 to \$300 million



Sources of Funding

Infrastructure Revenue Sources From Within Our Project Boundaries

SELF-IMPOSED "SPECIAL" TAXES COME FROM WITHIN THE PROJECT

Special TOT/Entertainment
\$250M
45%

Other Sources
\$300M
55%

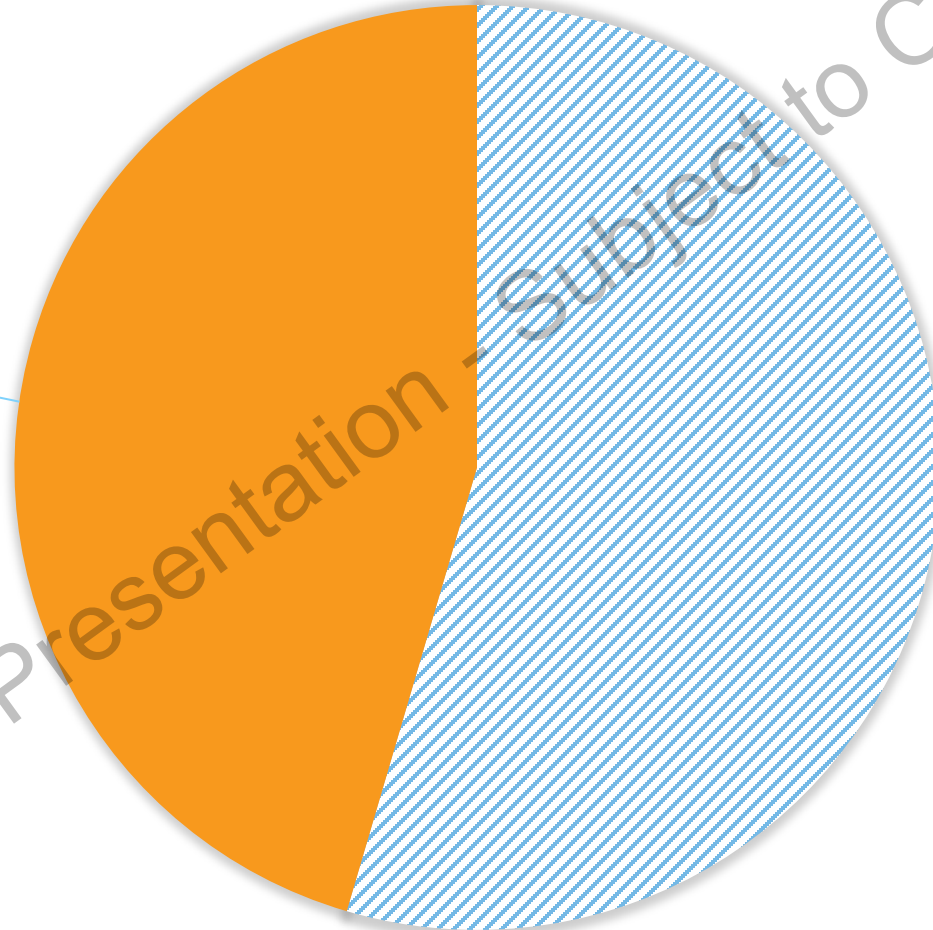
TAX-BASED SOURCES INCLUDE INCRREMENTS ON:

- Transient occupancy tax
- Transient marketing district
- Sales and use taxes
- Property tax

Costs are estimated using inflation

Other Options

Special TOT/Entertainment
\$250M
45%



OPTIONAL STRATEGIES:

- Reduce private side scope
- Explore additional private income sources to supplement
- State and federal grants
- Reduce public infrastructure

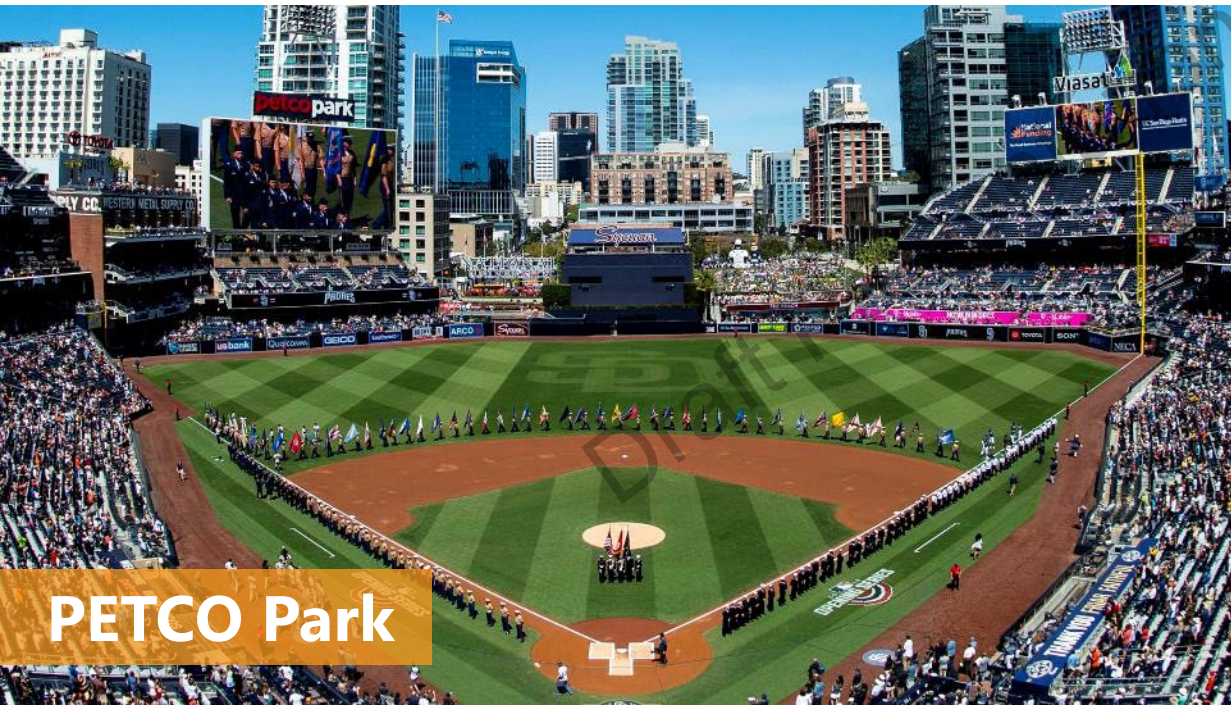
Other Sources
\$300M
55%

PRECEDENTS



San Diego River

Local Projects with similar public financing strategies

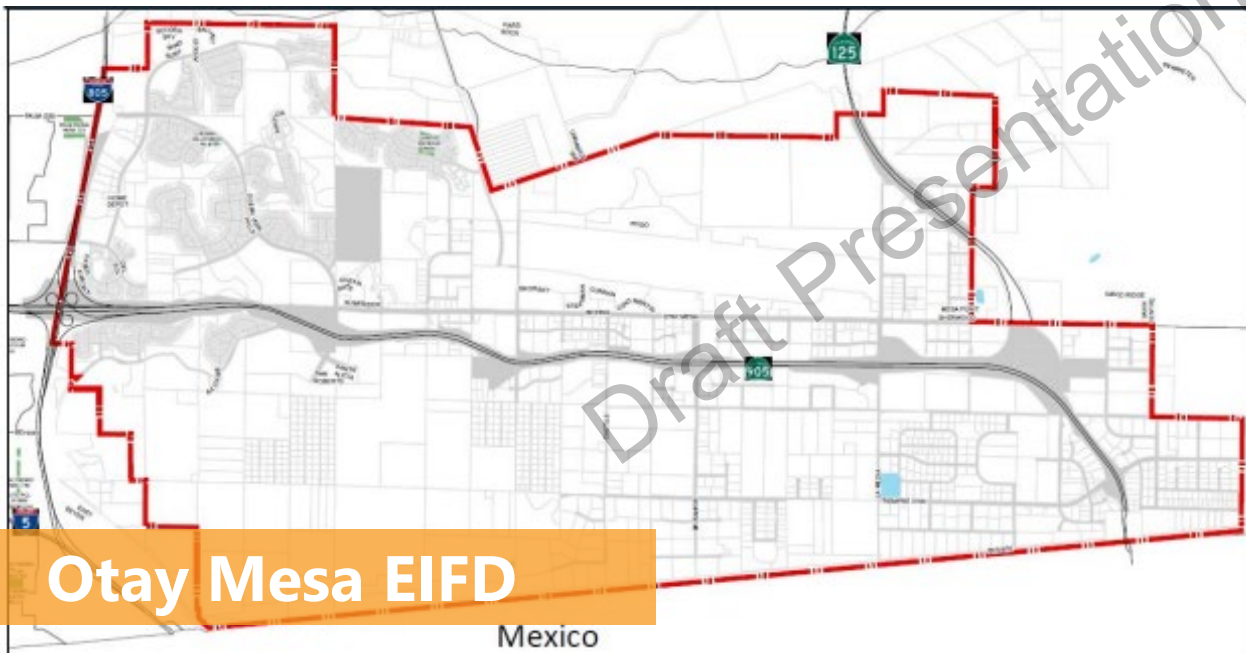


PETCO Park

San Diego (and other cities) have a history of the government working with the private sector to make a difference.



Chula Vista Bayfront



Otay Mesa EFD

Local Projects with similar public financing strategies

San Diego (and other cities)
have a history of the
government working with
the private sector to
make a difference.



LA LIVE

California Projects with similar public financing strategies

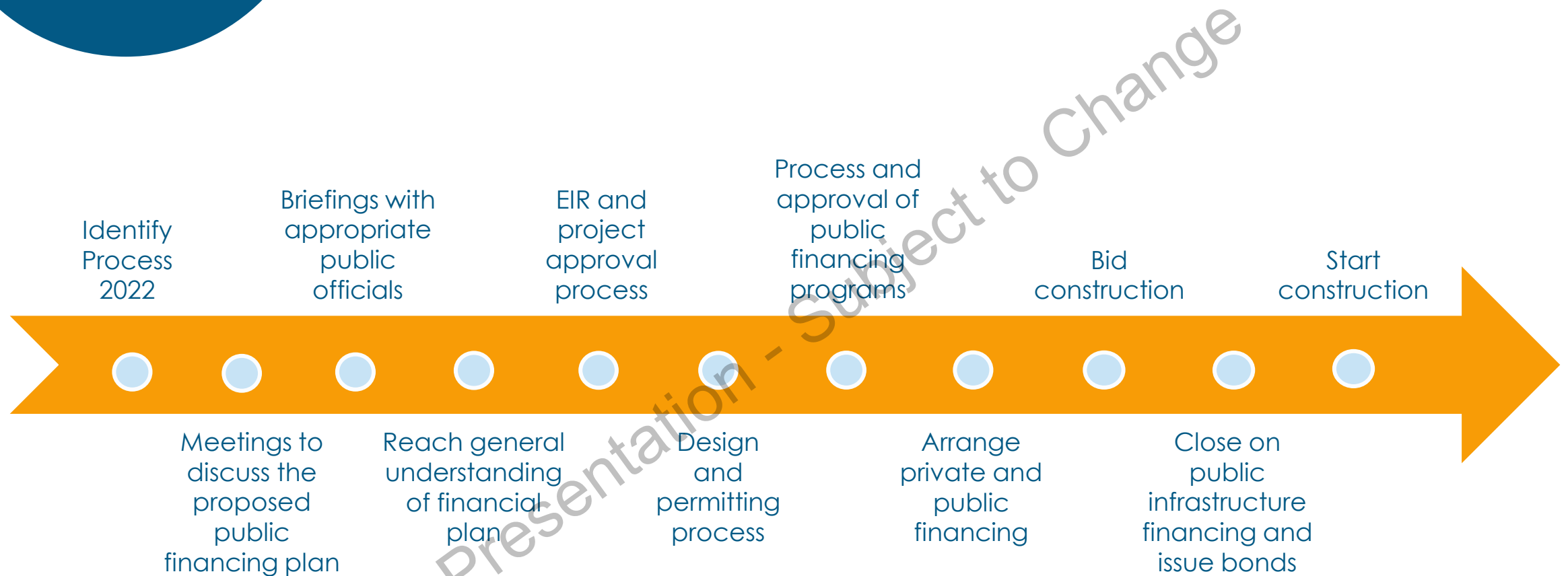


Harbor UCLA Medical Campus

San Diego (and other cities) have a history of the government working with the private sector to make a difference.

PROCESS

Process



Closing

Together we have the knowledge, capabilities,
resources and grit to execute.
We have all we need to make
San Diego the region
it deserves and needs to be.

QUESTIONS & FEEDBACK