

BIG BOX RETAIL AND PADS FOR LEASE IN OTAY MESA

SAN DIEGO AIRPARK

OTAY MESA ROAD FROM HERITAGE TO LA MEDIA . SAN DIEGO, CA 92154

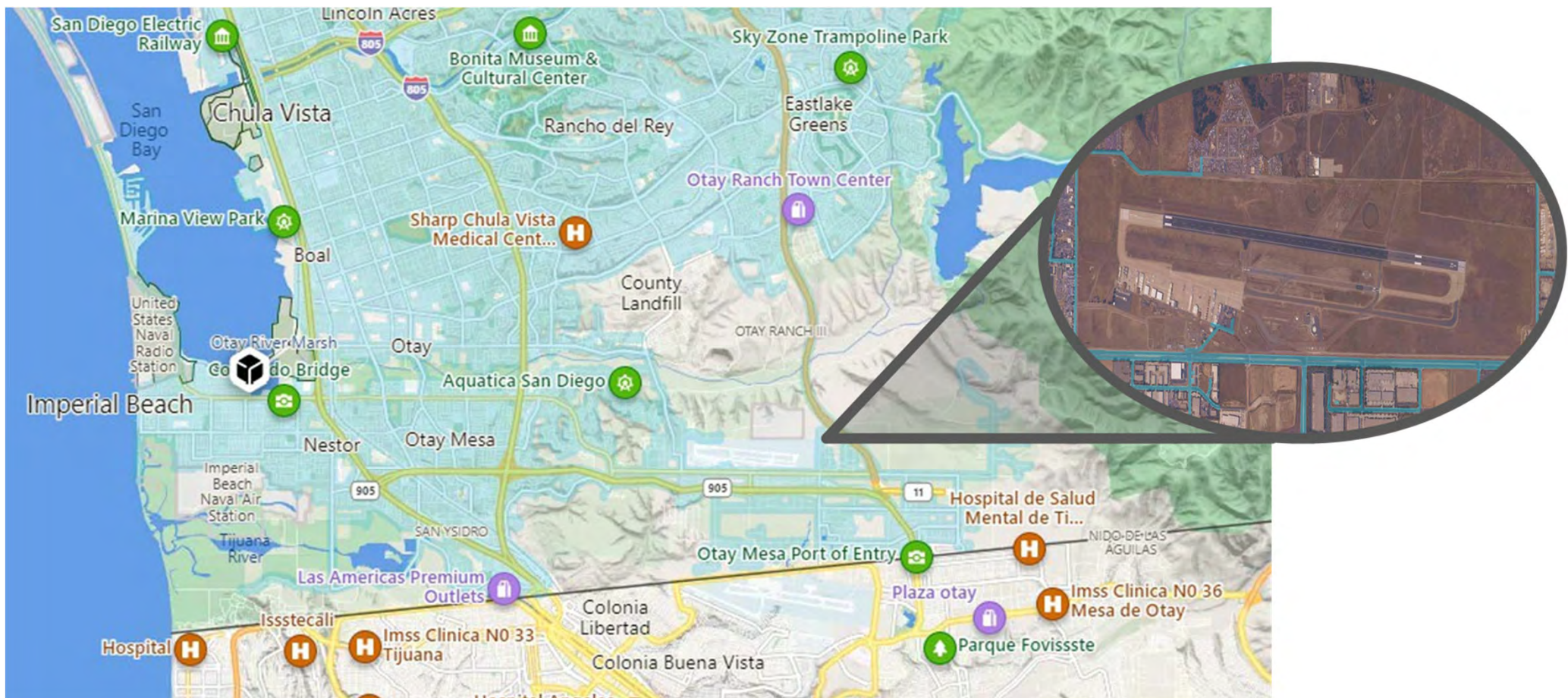


THIS 331-ACRE SITE IS THE LARGEST GENERAL AVIATION REDEVELOPMENT PROJECT ON THE WEST COAST

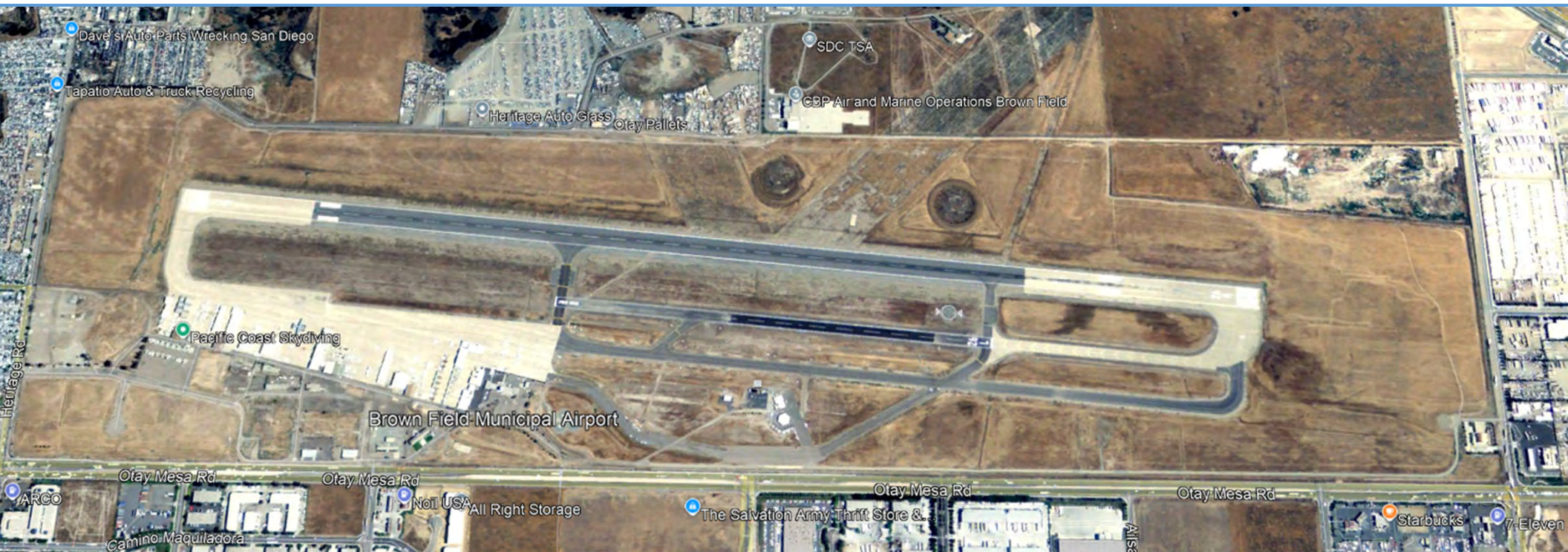


DELIVERING Q2 2025

Project Location



Brownfield Municipal Airport - 2009

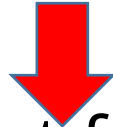


Discussion Topics

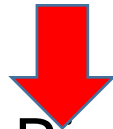
- ❖ Background
- ❖ Valuation
- ❖ Planning
- ❖ Timeline
- ❖ Environmental
- ❖ Development

Project Solicitation

2007-Request for Qualifications



2008-Request for Proposals



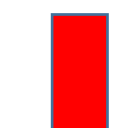
2009-Exclusive Right to Negotiate



2013-Site Development Permit



2013-Leasehold Development Agreement



2018-59 Flat Rate Lease/Right of Entry Agreements



Who are the Developers

Metropolitan Airpark LLC

- Richard Sax, Developer FBO at Palamor Airport
- Financial Partners are Belzburg Family Trust

San Diego Airpark LLC

- Metropolitan Airpark 33%
- Industrial Realty Group 67%
 - IRG is among the largest owners of commercial and industrial properties with 100 million Sq. Ft.
 - Manages 150 Major Projects and Development is 39 states
 - McCellan Air Force base redevelopment project, boast of being the gold standard for large military base repurposing.
 - Project features 240 companies, 14,000 job, 155 industrial buildings and 35 warehouses
 - Environmental Remediation work was \$1.2 billion



Exclusive Right to Negotiate

Negotiate a Development Agreement

Term-2 years, 12 months extension option-\$50,000

Consideration-\$100,000

Basic Aviation Facilities and related infrastructure

CEQA-Application to Planning within 180 days

Condition of FAA approval of Airport Layout Plan

Lease Rates-10% of the FMV of Aviation/Commercial

Phasing Plan-Aviation Facilities in 1st Phase

Right of Entry for surveys, investigations and testing

City Council Approval Required



LOT PHASING EXHIBIT

SHEET 1 OF 2 SHEETS

NON-TITLE INFORMATION SHEET

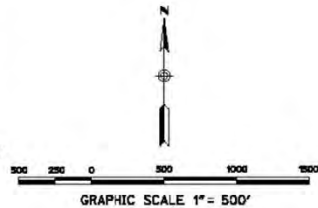
DIRECTION IS MADE TO THE EFFECT OF RESOLUTION NUMBERS R-00022404, R-00022405 AND R-00022407, WHICH AMONG OTHER THINGS, RECITE FOR HISTORIC SITE DESIGNATION COPIES OF WHICH RECORDED APRIL 4, 2000 AS INSTRUMENT NO. 2000-0170485, APRIL 4, 2000 AS INSTRUMENT NO. 2000-0170486 AND APRIL 4, 2000 AS INSTRUMENT NO. 2000-0170487, ALL OF OFFICIAL RECORDS (NON-PLOTTABLE.)

LEGEND

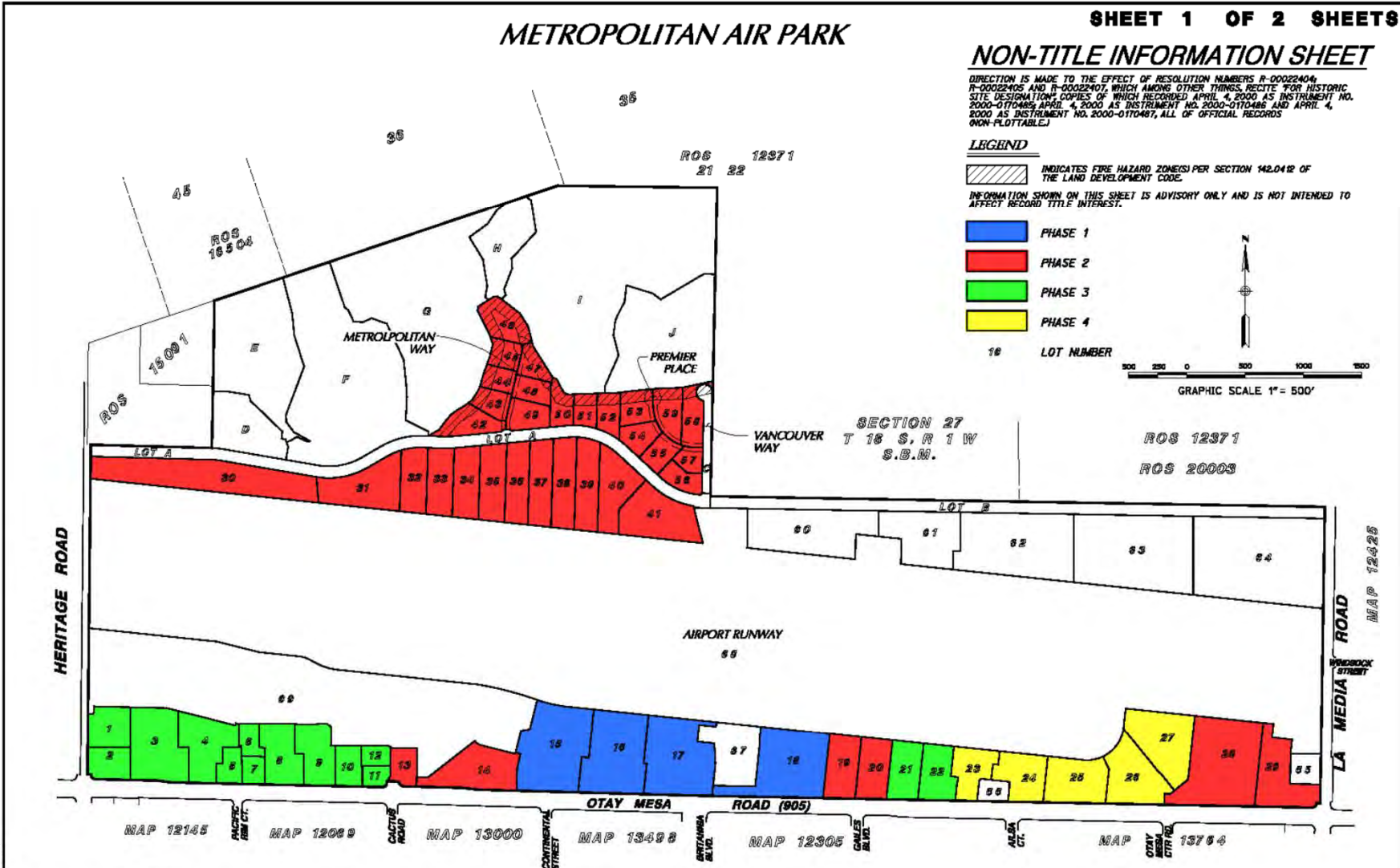
INDICATES FIRE HAZARD ZONE(S) PER SECTION 142.0412 OF THE LAND DEVELOPMENT CODE.

INFORMATION SHOWN ON THIS SHEET IS ADVISORY ONLY AND IS NOT INTENDED TO AFFECT RECORD TITLE INTEREST.

- PHASE 1
- PHASE 2
- PHASE 3
- PHASE 4
- LOT NUMBER



METROPOLITAN AIR PARK



RICK
ENGINEERING COMPANY
5630 TRUERS ROAD
SAN DIEGO, CA 92110
619.291.2707
RACON@RICKENGINEERING.COM
J-158188

PROJECT NUMBER	158188	P.T.S. NO.	319302	I.O. NO.	23431277
T.M. WAIVER NO.	XXXXXX	L.C.	146 - 1769	CCS83	1766 - 6329

CEQA Process

- Master Planned the Development
- Site Development Permit
- Obtained Environmental Clearances (CEQA)
- Successfully Defended CEQA Litigation
- Negotiated an Agreement with Labor Unions



Problem with Land Valuation

SUMMARY OF LAND VALUES

A summary of value for the four land uses is shown below. Again, these land values assume all infrastructure has been completed and is in place.

	Acres	SF	Per SF	TOTALS
General Aviation	86.3	3,759,228	\$4.40	\$16,540,603
Industrial	82.6	3,598,056	\$12.50	\$44,975,700
Retail	31	1,350,360	\$12.50	\$16,879,500
Hotel	7.1	309,276	\$12.50	\$3,865,950
	207			\$82,261,753

To this point, we have assumed that approximately 270 net acres of Brown Field Airport have been built out with road improvements and utilities. This is an expensive proposition and involves much more than the physical labor. The entitlement and permit process can be quite time and money consuming. The MAP Developer provided us with a detailed Opinion of Probable Cost (OPC), a full copy of which is included in the addenda. An independent cost analysis was not performed. But this Developer has extensive experience in projects of this size and we were directed to use the OPC provided. Below is a table of the most recent summary numbers provided. After the line item adjustments are added, the Adjusted Total Cost to Complete is estimated at \$134,443,534.

TOTAL COST TO COMPLETE	\$168,143,526
CFD and Other Reimbursements	{\$13,562,831}
Add for Torrey Pines Bank 7 Culvert Option	\$648,000
Eliminate La Media Cost to Construct	{\$24,785,161}
La Media Fair Share Agreement	\$4,000,000
	\$134,443,534

At this point in the developer, or land residual approach, we would typically take the concluded estimates of costs and revenue (i.e. ground rent) and construct a Discounted Cash Flow (DCF).

The earlier conclusion of \$82,261,753 is an estimate of land value if it were developed and ready to sell today. A DCF analysis takes into consideration the timing, duration, and variability of these numbers over the expected life of the project. The longer the life of the project, the lower the current land value (residual) will be, due to the extended risk and time value of money. Therefore, we know that any DCF analysis, regardless of construction time, phasing, and discount factors, will result in a lower land value than the \$82,261,753. But that value is already significantly lower than the estimated \$134,443,534 it would cost the Developer to prepare the land.

Given this analysis, we can only come to two conclusions. Either the Project is unfeasible and Brown Field Airport will remain in its current state, or the improvements that have been proposed in the MAP project will increase land values and grow the local market to a point that makes sense, given the large investment - a "build it and they will come" scenario. The Developer certainly believes this will happen as they have already spent more than \$25 million



Leasehold Development Agreement

Leasehold Development Agreement-207 acres, 4 phases, over 20 years

59 ROE/Parcel Ground Leases (Phase 1 Aviation Facilities must be 1st)

Length of Terms for Leases-50 years commencing COO

Infrastructure and Mitigation Land/Measures

Notice to Remove Third Parties

- City agrees to indemnify Developer for unreasonable holdover of third parties
- City agrees to indemnify Developer for environmental damage caused by third parties



Master Planned Development

Phases	Land Area	Uses	Commencement of Construction	Commencement of Rent
Phase I	34.86 Acres	<ul style="list-style-type: none">• Jet Aviation FBO• Aircraft Hangars• Restaurant	Receipt of entitlements	Certificate of Occupancy (COO) <i>or</i> 30 months after issuance of vertical building permits
Phase II	110.54 Acres	<ul style="list-style-type: none">• Light Industrial• Business Hotel• Aircraft Hangars• Alternate fuel stations	Five (5) years from initiation of construction on Phase I	Sooner of COO <i>or</i> 30 months after issuance of vertical building permits
Phase III	37.66 Acres	<ul style="list-style-type: none">• Light Industrial• Business Hotel• Commercial• Aircraft Hangars	Ten (10) years from initiation of construction on Phase I	Sooner of COO <i>or</i> 30 months after issuance of vertical building permits
Phase IV	22.85 Acres	<ul style="list-style-type: none">• Light Industrial• Commercial• Offices and Aircraft Hangars	Fifteen (15) years from initiation of construction on Phase I	Sooner of COO <i>or</i> 30 months after issuance of vertical building permits
Total	207.56 Acres			

Customs and Border Protection

- CBP has had presence at SDM since 1979 and started providing Federal Inspection Services in 1985
- From January 2015 to November 2020 CBP cleared:
 - Over 18,000 arriving aircraft
 - Over 90,000 passengers/crew arrivals
- CBP's existing space does not meet the current design standards for General Aviation Facilities.
 - Current office space is 500 square feet
 - Current Design Standards requires a minimum of 1,000 sq ft
- CBP designated SDM as a Landing Rights Airport.
 - Does not charge for staff time or charge landing aircraft

Customs and Border Protection

- In 2020 CBP moved to full cost recovery for “User Fee Airports”
 - Facilities are provided to CBP at no cost/nominal cost
 - CBP charges airports for staff time. \$740K annually
 - SDM still required to provide facility but will not be charges staff time
- CBP required the City to provide adequate facilities in 2017.
- CBP sent the City a Landing Rights Revocation notice in 2018.
 - City appealed this decision and met with CBP to discuss resolution
 - CBP agreed to stay if City provided a facility that meets current standards.
- CBP and City have engaged on finding alternatives:
 - New Facility Building
 - Redesign interior of terminal building (preferred)

Environmental Issues

Will the FAA approve the use of Airport Land for Environmental Mitigation?

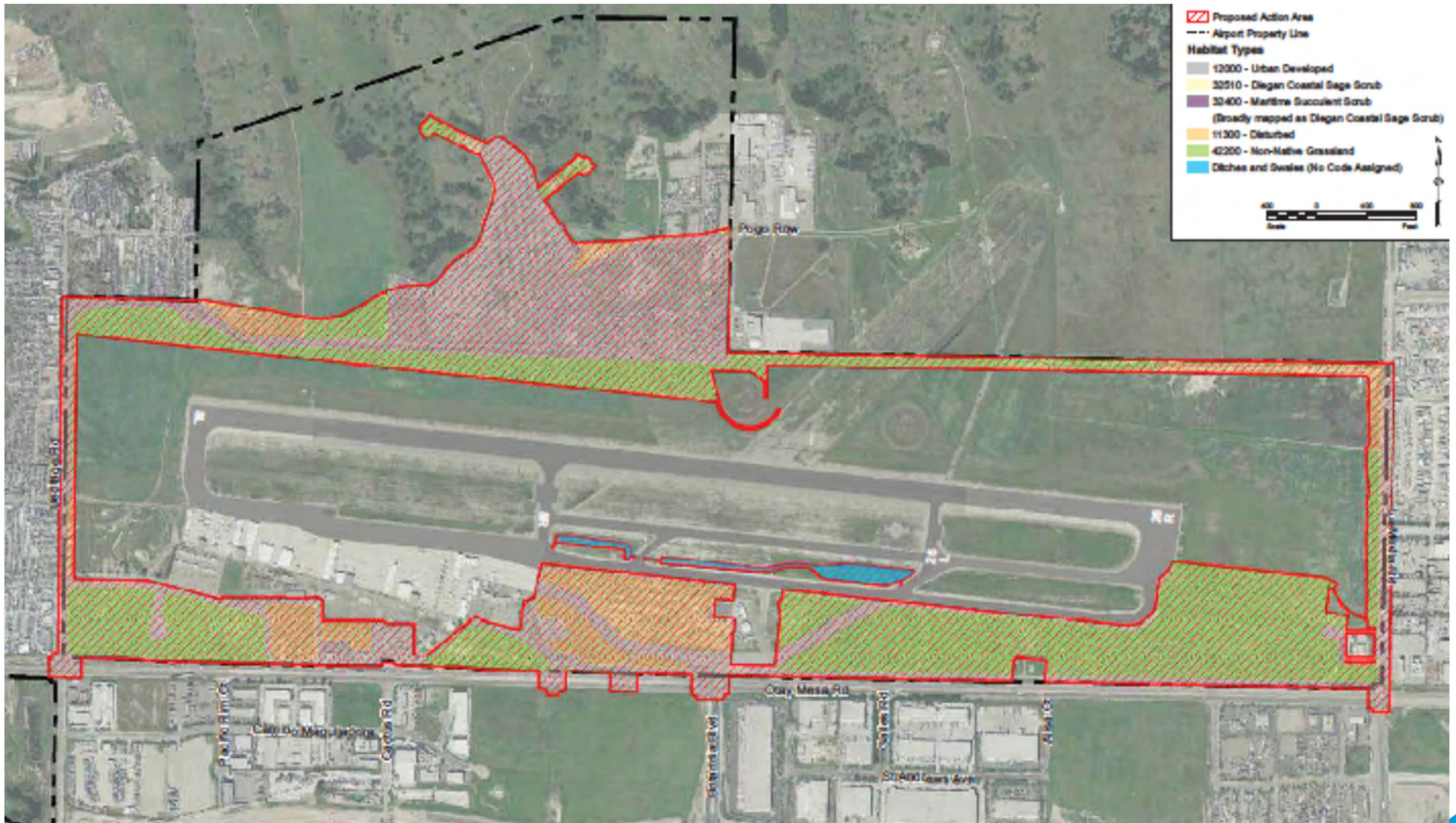


Environmental Issues

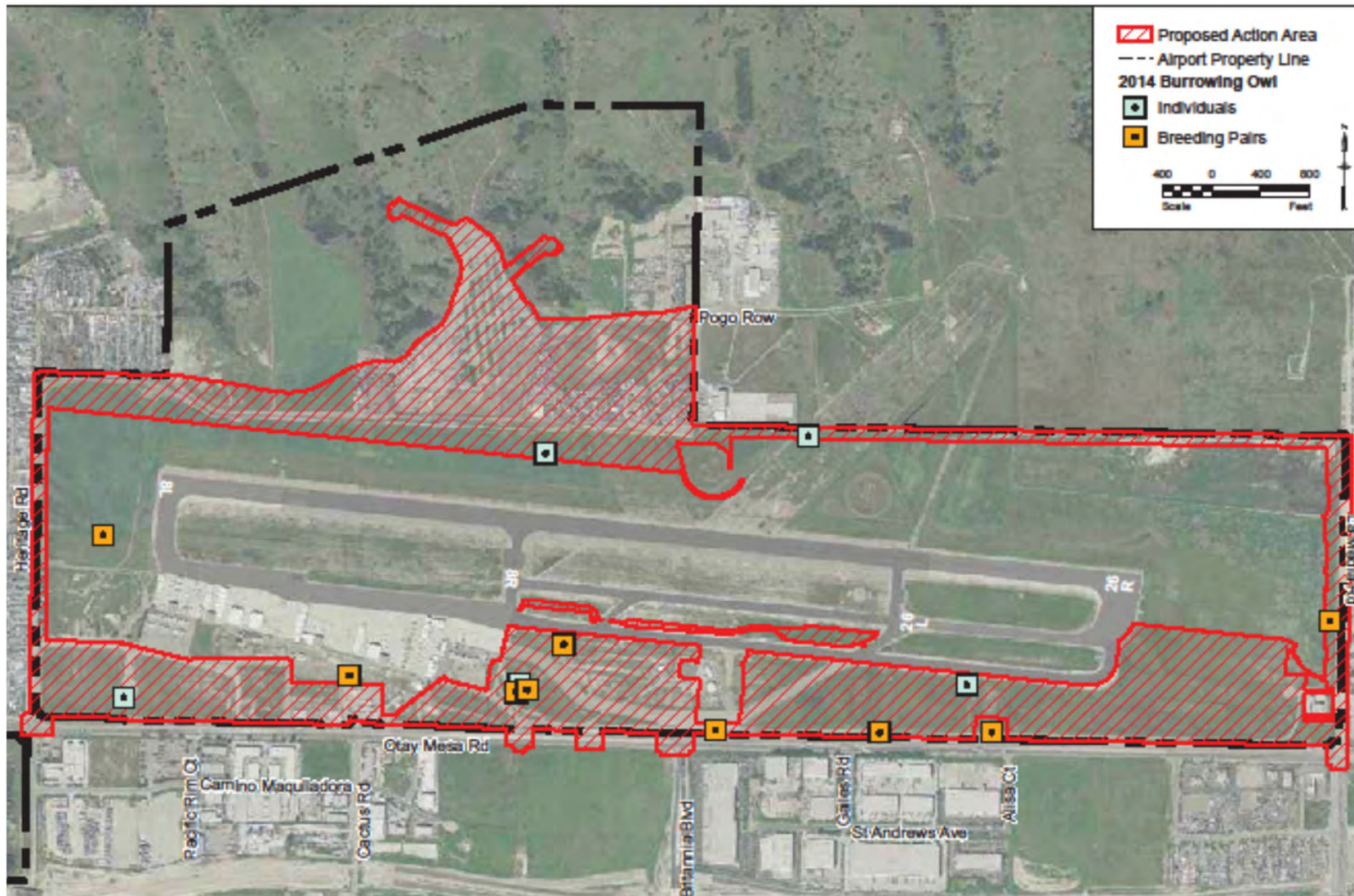
Protected Habitat

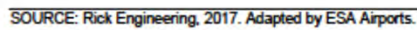
Protected Species

Sensitive Habitat



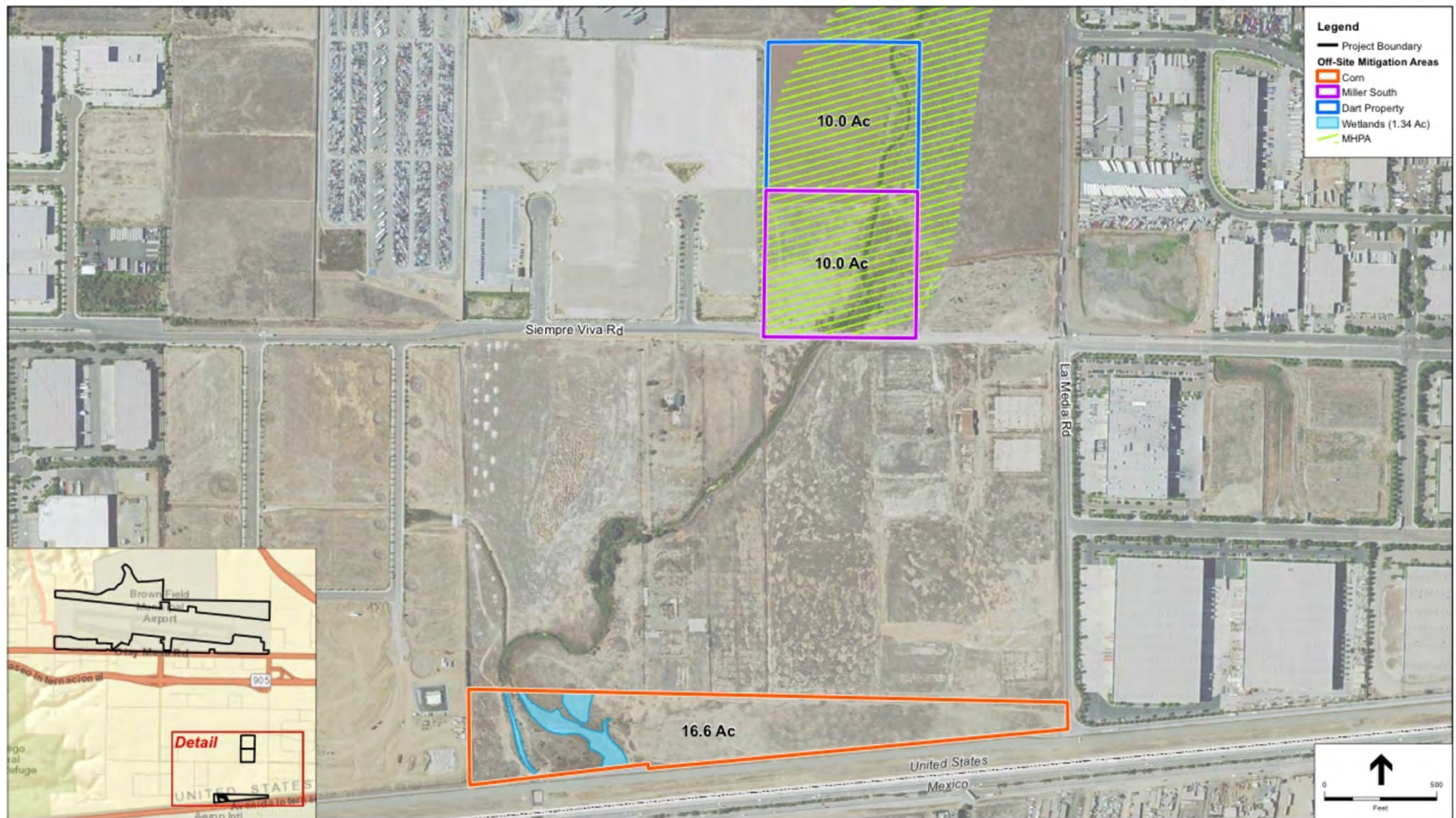
Protected Species





sandiego.gov

MAP acquired 36.6 acres of off-site mitigation land for \$2.7 million



Location: N:\2014-078 Metropolitan Air Park\MAPS\Mitigation_Banking\Mitigation_Banking_V1\Map_Sp_Air_Park_Air_Park.mxd (2014-078) 11/23/2015

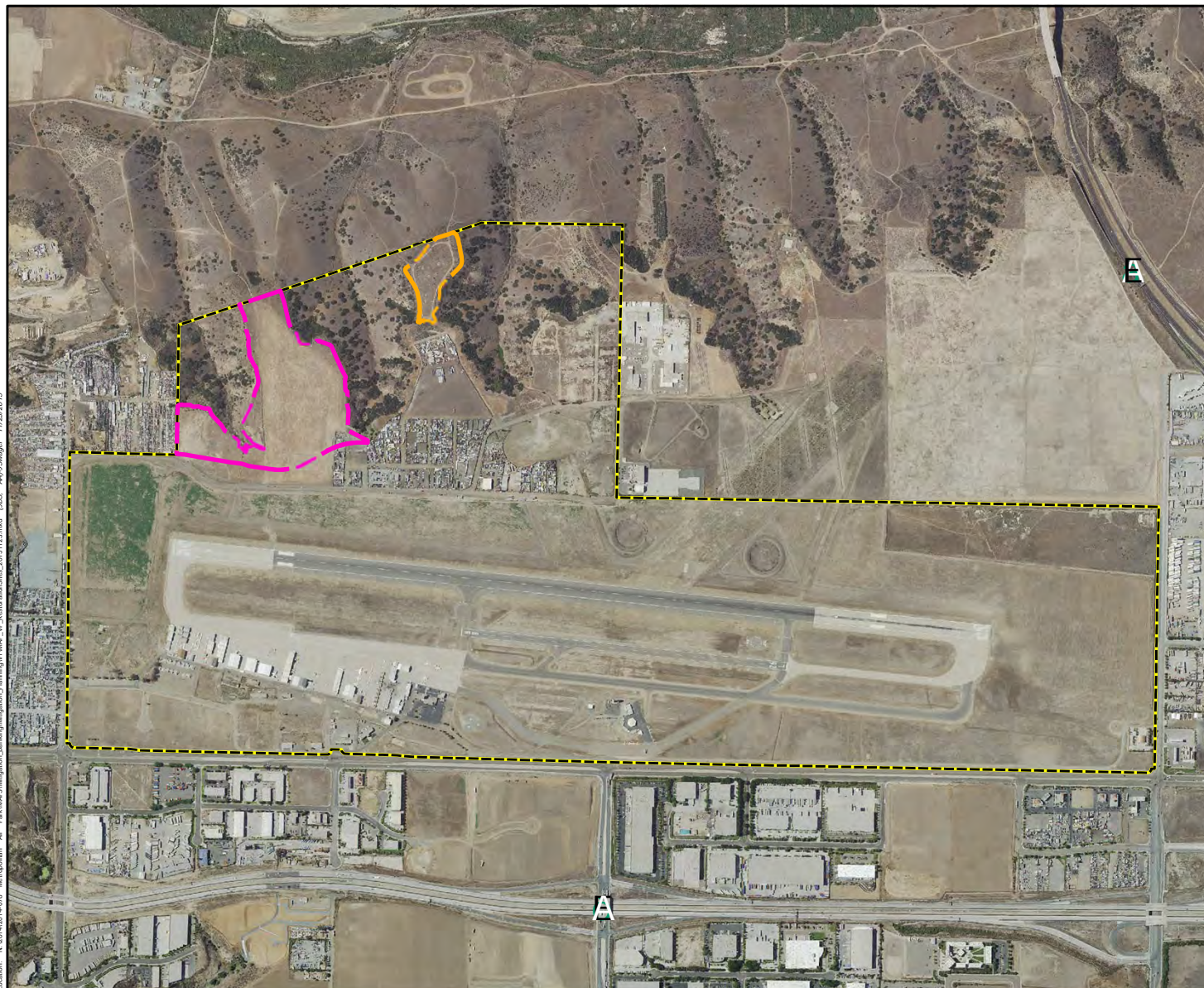


Figure 1.
Mitigation Areas A and B

Map Features

 Metropolitan Air Park Boundary

Vernal Pool Restoration Areas

 Area A

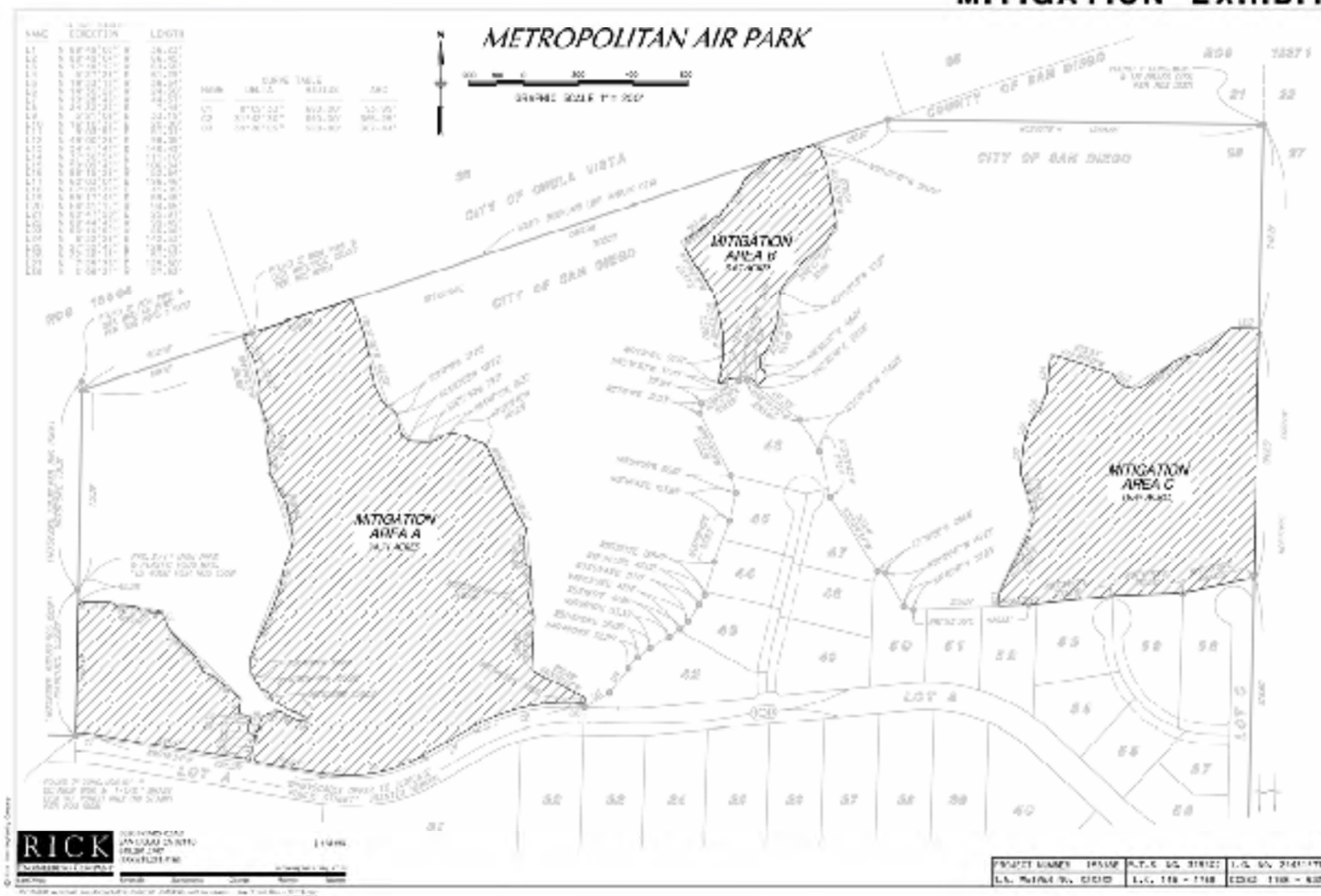
 Area B

Service Layer Credits: Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), MapmyIndia, © OpenStreetMap contributors, and the GIS User Community



Mitigation Exhibit

MITIGATION EXHIBIT



FAA Presentation Goals and Objectives

- Improve Aviation Safety
- Develop Over 700,000 sq. ft. of Aviation Facilities to Serve the Aviation Community
 - ✓ Master Planned, Four Phased Development
 - ✓ California Environmental Quality Act Clearance
- Generate Revenue

Mitigation Area A: Habitat Restoration Installation



Schaefer Ecological Solutions
Metropolitan Airpark Project Restoration

Photo 17: 1/26/23: artificial burrow construction Area A West

Photo 18: installed BUOW burrow, Area A West berm

Mitigation Area A: Habitat Restoration Installation



Schaefer Ecological Solutions
Metropolitan Airpark Project Restoration

Photo 23 – chocolate lily (*Fritillaria biflora*); fringes of Area A

Photo 24 – early onion (*Allium praecox*); fringes of Area A

Mitigation Area A: Habitat Restoration Installation



Schaefer Ecological Solutions
Metropolitan Airpark Project Restoration

Photo 29 – installed container plants and irrigation

Photo 30 – grass plots and irrigation.



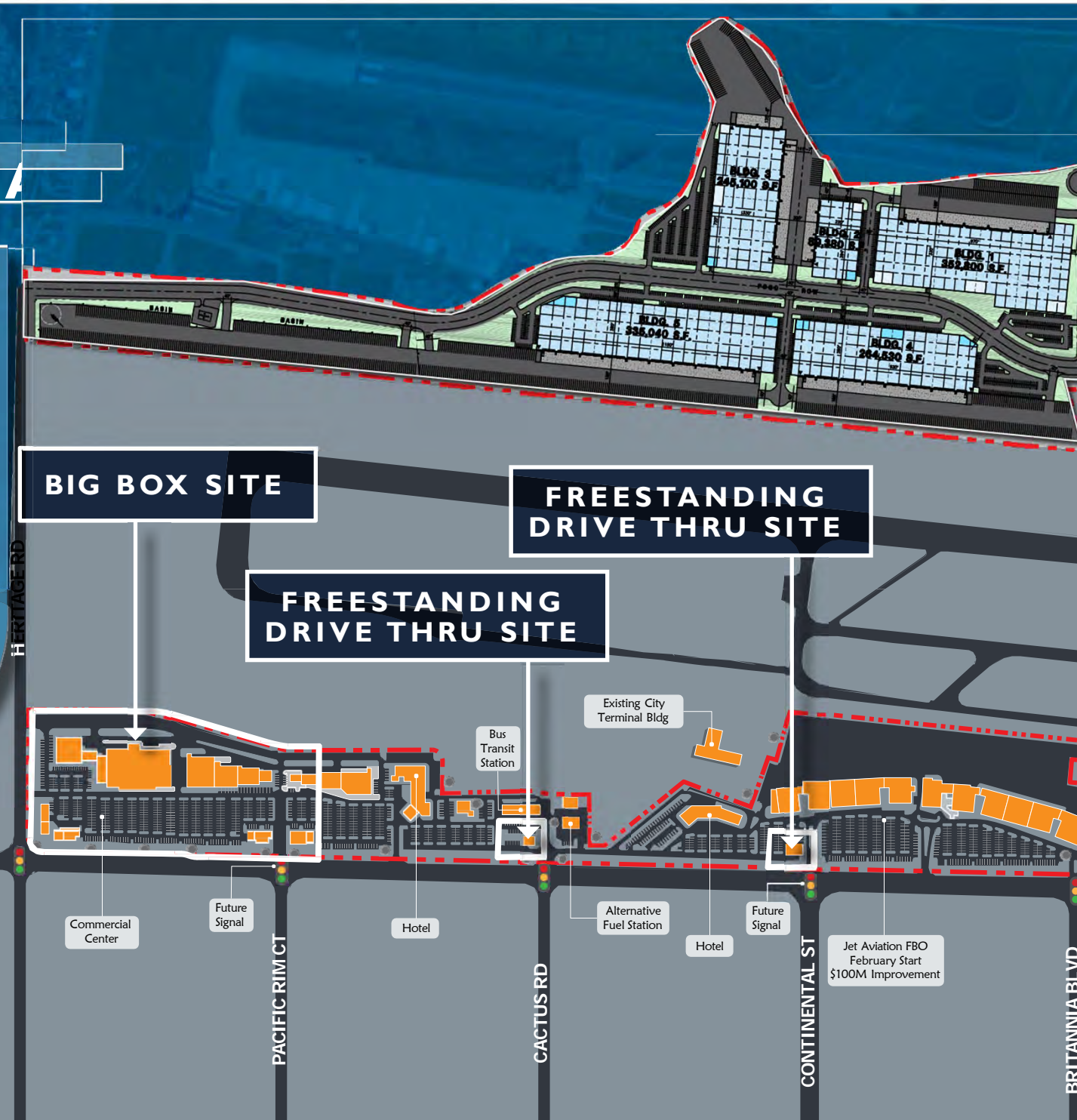
PRELIMINARY MASTER PLAN

Convenient access right outside your doorstep!

Prime Retail Opportunity is conveniently situated on Otay Mesa Road minutes from Cross Border Express and an upcoming port of entry.

The site is currently entitled and most commercial uses are already permitted in the overlay.

 Retail



San Diego Airpark Breaks Ground!

[Click here to read the article!](#)

Project Highlights

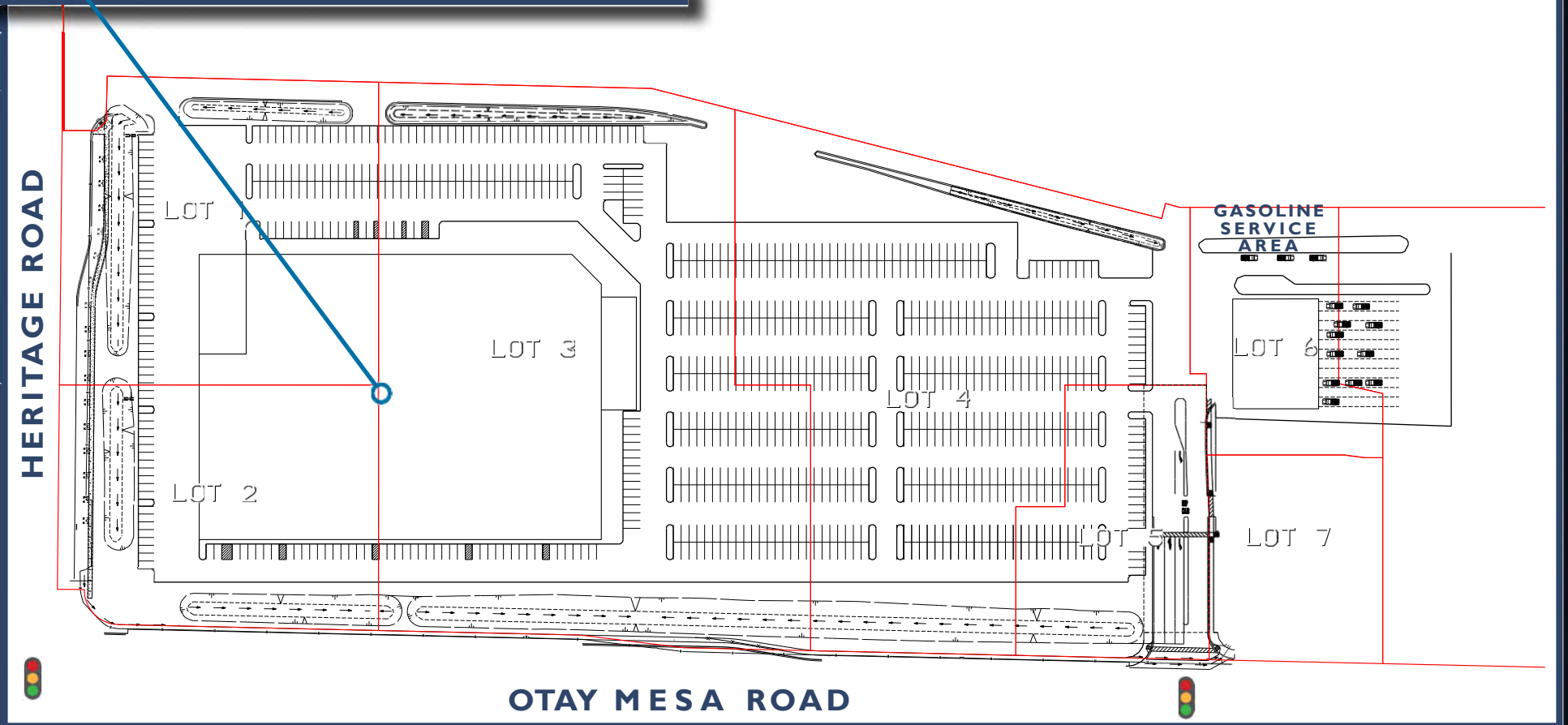
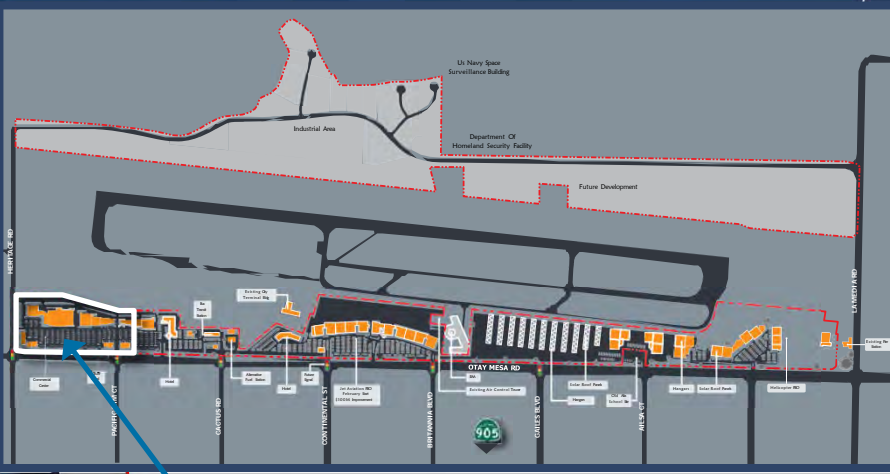
- \$100M initial project
- 20-year transformation
- Four phases. First phase due for completion in 5 years and will include 14,500 SF new terminal, 1,200 SF of new offices and inspection areas for US Customs and Immigration Enforcement
- Full buildout could cost more than \$500M
- Revitalized airport could bring \$1.5B Economic Impact
- Project is expected to create 2,500 airport jobs
- The Airpark handles about 80,000 flights annually and is the main port of entry for general aviation traffic

Source: San Diego Business Journal



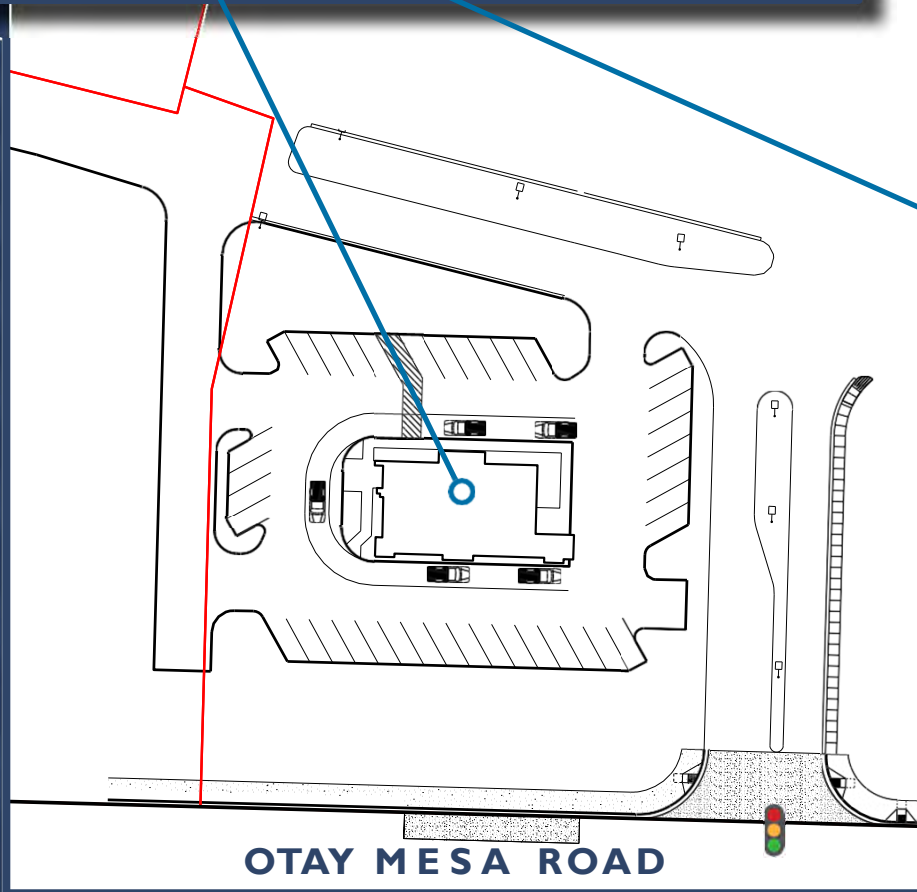
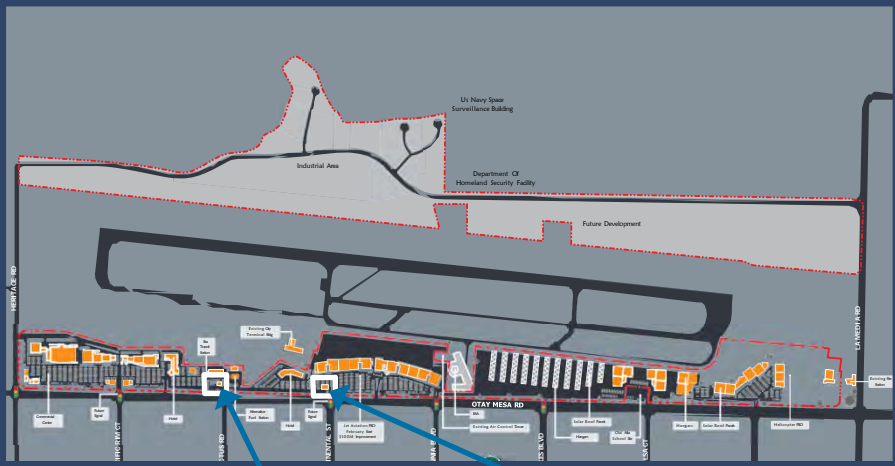
RETAIL BOX CONCEPTUAL SITE PLAN

±150,000 SF | ± 0 PARKING STALLS

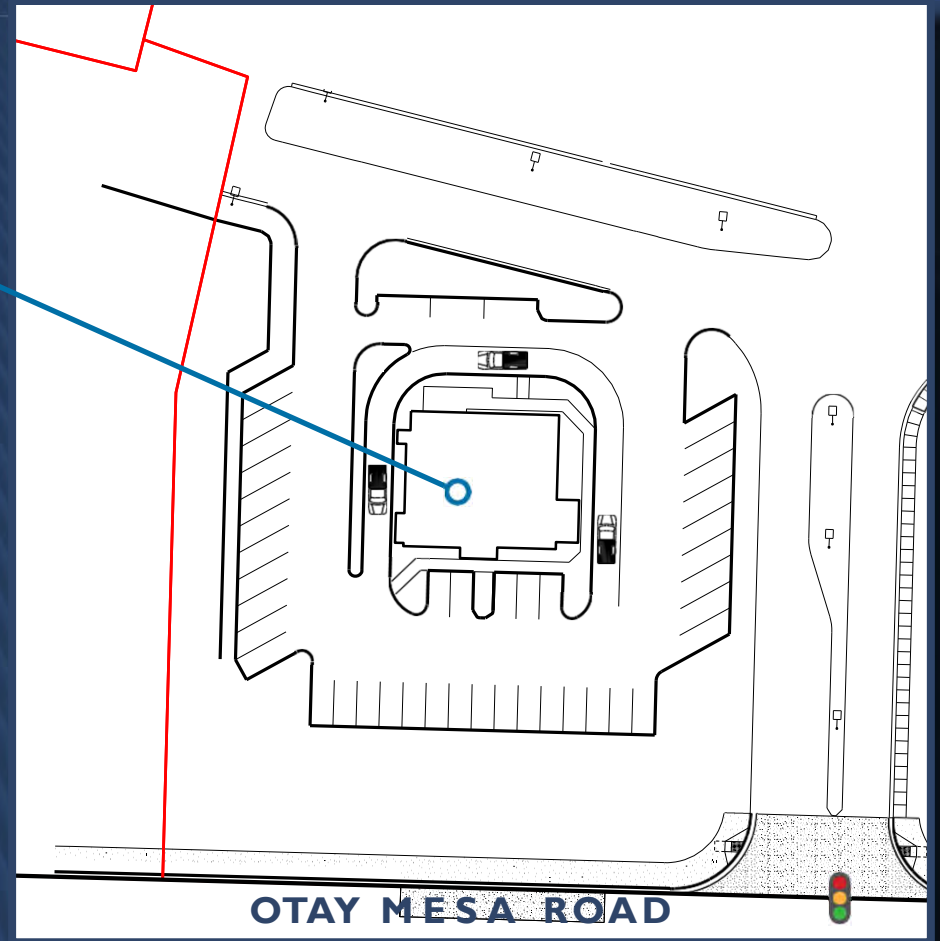


DRIVE THRU CONCRETE QUAL SITE PLANS

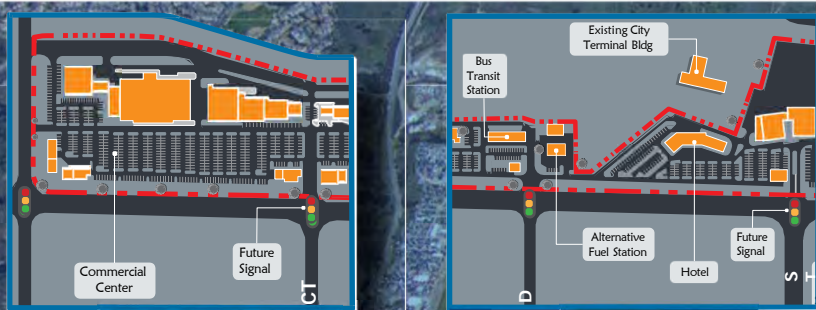
AT THE ENTRANCE TO NEW TERMINAL
+ ,500 SF | + PARKING STALLS



Option 1



Option 2



BIG BOX SITE

PAD SITES

AN DIEGO AIRPARK

RETAIL HIGHLIGHTS



Approved development site with entitlements in place, offers the first new box space in San Diego County since 2019



Dense daytime population of 32,000. Total population projected to increase by 36% within 5 years



Drive thru zoning approved "by-right"



Freeway accessible and adjacent to the Border Crossing, serving 48 million vehicles annually

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