CMANC Winter Meeting – Redondo Beach

Asset Management for Economic Development in the Redondo Beach Waterfront

January 16, 2014

The Redondo Beach Waterfront

- 150 acres
- 4 marinas ,1400 Slips, Hotels, Retail
- $10MM in annual revenue

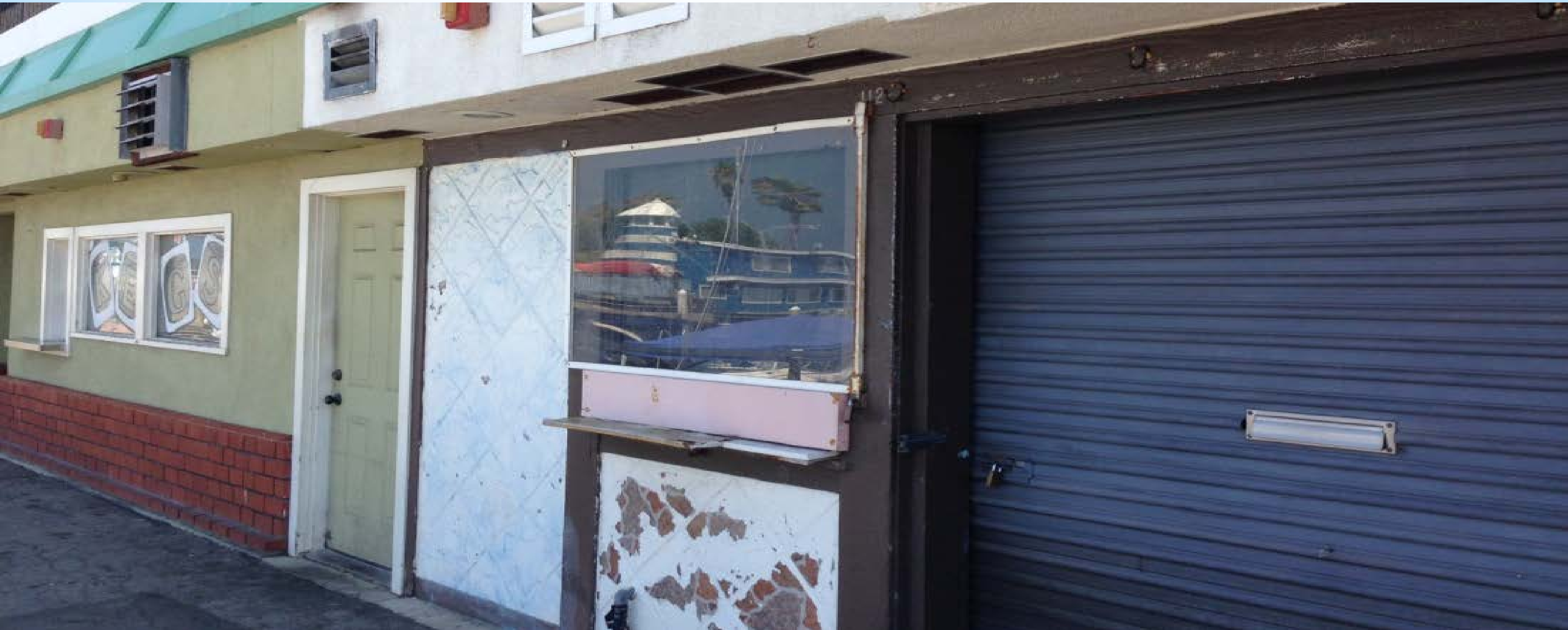
The Redondo Beach Waterfront

- 15 separate ground leases
- Independent architecture, circulation, and tenant mix

Storm and Fire of 1988

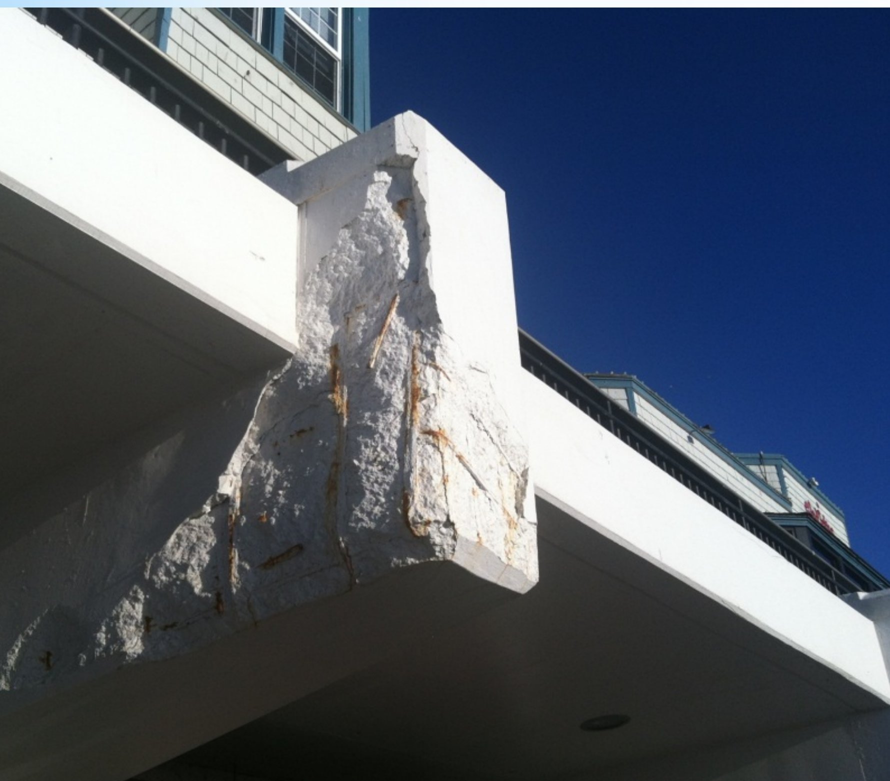
Post Fire

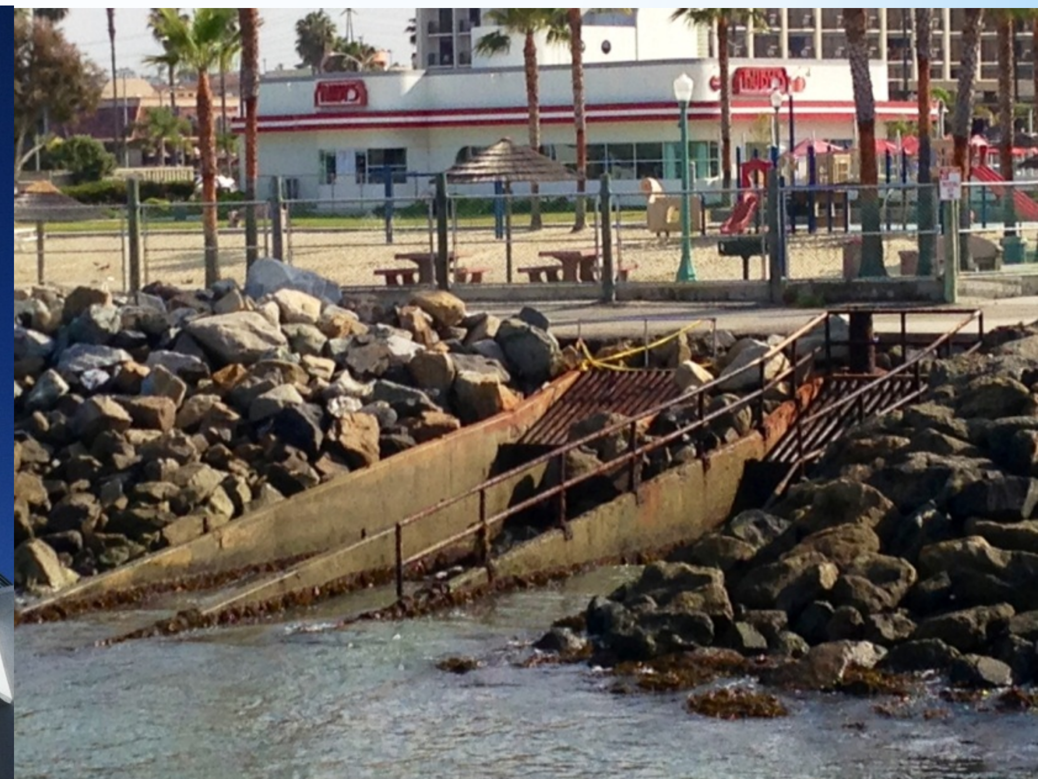
- Much of pier area is in need of reinvestment
  - Vacant store fronts, infrastructure challenges
  - Rising costs and declining revenues



Post Fire

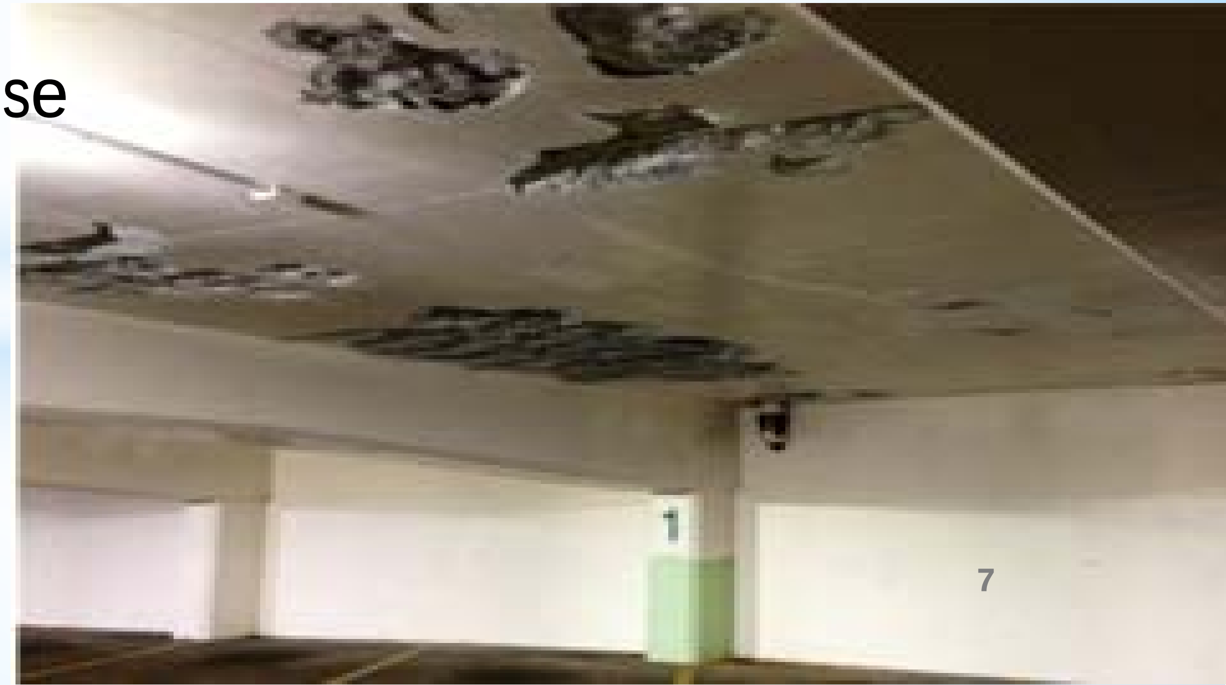
- Current Situation is not sustainable
  - <u>Financially</u>: Significant costs looming
  - <u>Operationally</u>: City is not a long term landlord
  - <u>Environmentally</u>: Water quality, sea level rise





Deteriorating Infrastructure

- Seaside Lagoon
  - $200k loss annually
  - Ongoing operating issues
- Pier Parking Structure – Replacement within 10 years, at ~$50M
- Basin III sea level rise
- Disconnected, poor circulation



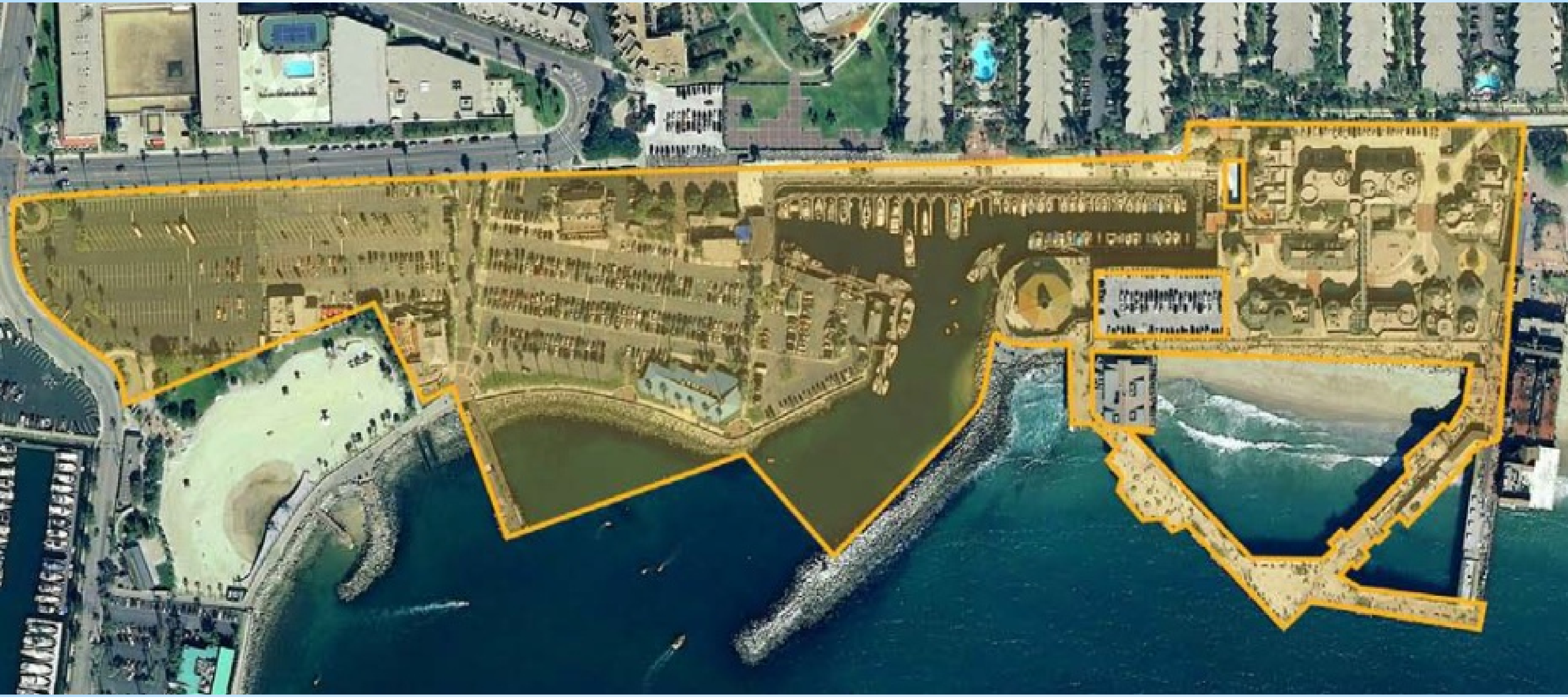
Revitalization

- 10 years in the making
- Harbor and Pier rezoning process
- Result: Measure ‘G’
  - New waterfront zoning approved by voters and California Coastal Commission
  - 400,000 SF net new development
  - Limited square footage, density, and heights
  - Provided certainty to attract new investment

Revitalization

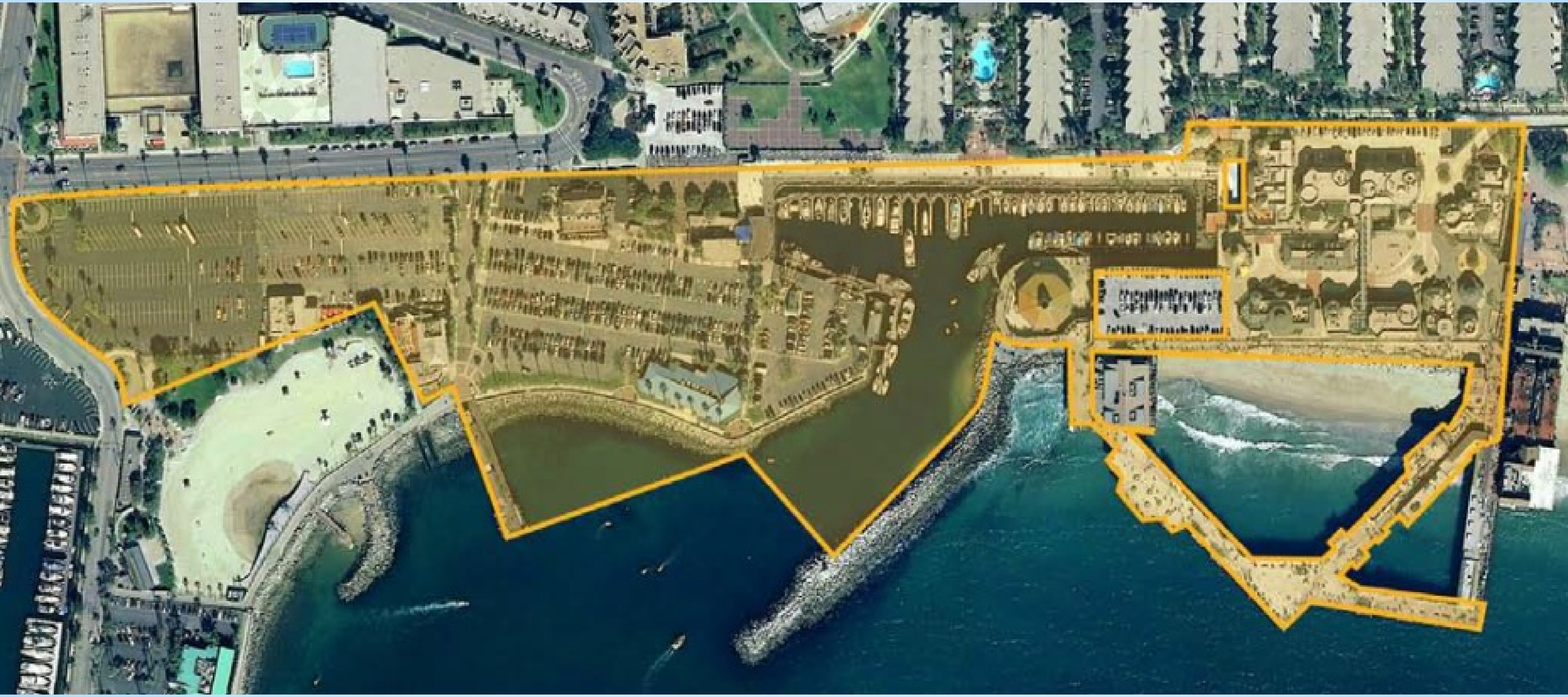
- Pier and Harbor Stakeholder Working Group
- Asset Management Plan
  - Targeted leasehold acquisition
  - Consolidated ownership / management
  - Unified planning
  - Place making

Revitalization



- 2011-12: City consolidates control of 15 acres
- 4 separate leaseholds
- City serving as interim landlord

Revitalization



- Developer partner selected
- Extensive public outreach
- Conceptual plan developed for site

Revitalization

- Market Hall, boutique hotel, Park space, retail
- Enhanced water recreation
- Improved connectivity, access

Public / Private Partnership

- Initial CenterCal investment
  - ~$250M
  - Significant investment in public investment
  - Limits City risk and cost, reduces need for City borrowing
  - Private investment maximizes operating flexibility

Public / Private Partnership

- Preliminary MOU takes partnership approach
  - City shares in profit after preferred return
  - Postponed minimum rent and periodic appraisal allows developer to amortize investment
- City to contribute up to $25M in infrastructure
  - ~$7M in dedicated capital funds
  - ~$18M paid for through incremental tax revenue
  - Without project
    - City investment would be ~$50M without new revenue to pay for it

Public / Private Partnership

- Rebuilds key infrastructure for future generations, reenergizes our historic pier for residents and visitors
- Partnership reduces City risk and cost creates new revenue to the City through taxes and ground rent

- CEQA process initiated Q1, 2014
- Ground lease and Financing agreement in negotiation
- Entitlements through City and Coastal Commission