Estolano LeSar Perez
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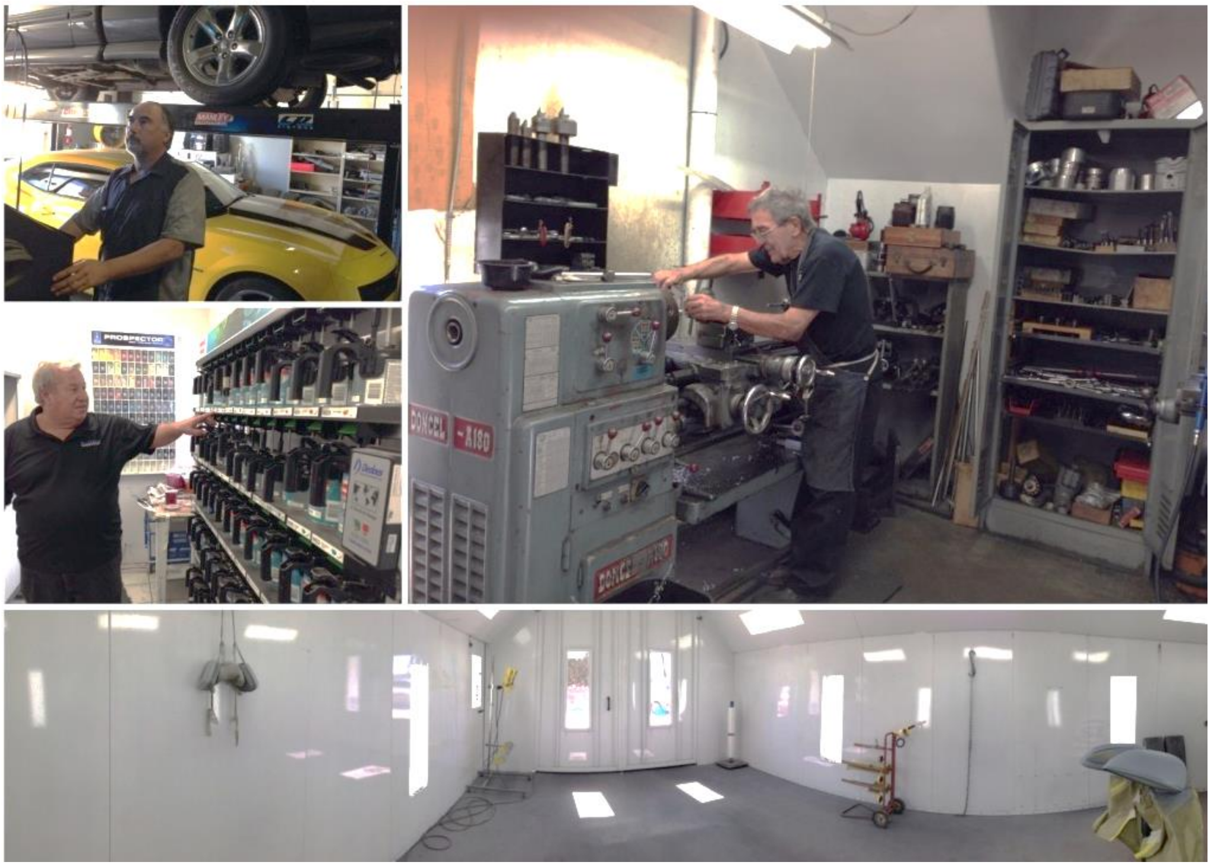
Green Industrial Auto Park Feasibility Study



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This publication was developed under a Brownfields Planning Grant awarded by the U.S. Environmental Protection Agency. This document was prepared by Estolano LeSar Perez Advisors LLC and LeSar Development Consultants for the Environmental Health Coalition. It has not been formally reviewed by the EPA.

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Acknowledgments

This report was made possible because of the time and dedication from the business community, residents, and stakeholders from the City of National City. The Environmental Protection Agency's Brownfields Planning Grant was key in providing the resources to advance a study that reflects the needs of the community.

We thank National City's Chamber of Commerce for their support. We also thank all the businesses that kindly opened their doors and trusted us with invaluable information. The GIAP stakeholder group comprised of representatives from National City, National City Chamber of Commerce, Kimball Elementary, San Diego Organizing Project and Paradise Creek, provided meaningful feedback throughout the project.

It was an honor to work with Old Town National City residents who are committed to making their community a healthier place to live and are continuously guiding and expanding the solution toolbox so we have a National City that works for all.

Thank you,

ENVIRONMENTAL HEALTH COALITION
EMPOWERING PEOPLE. ORGANIZING COMMUNITIES. ACHIEVING JUSTICE.

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1. Executive Summary

Project Description

This report examines the feasibility of developing a Green Industrial Auto Park (GIAP) in National City that would serve as an innovative, environmentally sound, and economically viable destination site for auto-repair businesses phasing out of Old Town National City (OTNC), a low-income residential community confronting health impacts resulting from conflicting land uses. The goal of the GIAP is to ultimately bring an appropriate separation of industrial and residential uses without causing economic loss.

National City is the second oldest city in San Diego County, and is located five miles south of the City of San Diego. Over the past 50 years, the predominantly low-income Latino neighborhood has evolved from a primarily residential neighborhood to an **incompatible mixture of industrial uses surrounding homes and schools.** The incompatible industrial and residential development has resulted in increased respiratory diseases and greater risk of accidental releases of toxic chemicals. Industrial facilities in the area release approximately 32,000 pounds of toxic air contaminants per year according to emissions data obtained from the San Diego Air Pollution Control District. Autobody shops contribute at least 6,000 pounds of toxic air contaminants and store 15,000 pounds of organic gases. Not surprisingly, asthma rates are disproportionately high in the neighborhood. Asthma emergency room visit rates in 2012 for children ages 0-17 were 116 per 10,000 children, compared to a countywide rate of 59 per 10,000 children.

In order to **resolve the conflicting land uses**, community residents developed their neighborhood vision alongside the City. The vision is reflected in the Westside Specific Plan. The Westside Specific Plan, adopted in 2010, rezoned the area and calls for the phase-out of incompatible uses such as auto body shops through an amortization ordinance adopted in 2006. The Plan reflects residents' aspirations for a healthy community. Its guiding principles include the protection of the residential character of the neighborhood; improvement of environmental health conditions for residents in the area; pedestrian safety enhancement; and protection of Paradise Creek.

The 2006 Amortization Ordinance provides the opportunity for the City to phase out existing non-conforming businesses in OTNC. This study's objectives are to understand the needs of auto-related businesses and to develop a conceptual and financing plan for the implementation of the GIAP. The GIAP would seek to accommodate auto-related businesses operating in OTNC that are compelled to relocate.

We conducted a site-specific analysis focused on developing the GIAP at the former San Diego Wood Preserving Company (SDWPC), a 1.7 acre brownfield property located in National City. The site can accommodate 6 to 7 businesses based on an average square footage of 4,900 square feet and a range of sites from 2,450 square feet to 9,800 square feet. The GIAP will also incorporate green and sustainable features to minimize or mitigate water and energy use, reduce stormwater runoff, recycle waste products, and reduce air emissions. These design concepts are rooted in both the regulatory requirements as well as in the best practices drawn from case studies.

Findings of this report are based on National City's 2008 Industrial Park Feasibility Study, the current economic environment, in-person interviews with local auto-related businesses, governmental sources, and industry specific publications. All sources were carefully evaluated for veracity and informed the analysis and recommendations.

The last seven years have brought many changes to the overall context in which we have re-evaluated the feasibility of creating a GIAP in National City. What has not changed is the need to separate the auto businesses from families in the Westside neighborhood. The adverse conditions affecting residents' health and safety continue on a daily basis. Extreme conditions such as the fire at E & S Auto Works in March 2014 remind us of the imminent danger that threatens the lives of the residents and workers.

There are many communities across California and the United States that are grappling with the same challenges of preserving businesses and jobs while trying to address the environmental and health issues stemming from the commingling of industrial and residential uses. It is in both this local and national context that we seek to add to the body of knowledge and the toolbox of solutions that can be utilized and replicated in communities across the United States.

Findings

Development Costs, Financing, and Ownership Structures
Based on our proforma, the total GIAP development costs are estimated at approximately $6.5 million or $183/SF. The costs are preliminary estimates and meant to be conservative, meaning there is potential for the budget to go down. Through analyzing the SDWPC, we found that the project can be developed at a site of its size.

- Based on local area sale comparables we estimate that the fair market value for 2010 Haffley Avenue, a 1.7 acre or 74,487 square foot industrial brownfield property, is approximately $1,042,818 or $14 per square foot of land. This is under the assumption that the site is clean, free of equipment, and ready for new construction activity.

- The amount of income that can be generated off the rental income supports some private, amortizing debt. As a result, the proforma is based on the scheme with less common area (Scheme 1) to increase the amount of rental income that can be generated. Scheme 1 is a traditional industrial multi-tenant design standard in which each operator owns or leases their own space and does not share any customer space or common area between businesses. The recommended scheme would accommodate a total of 6 businesses averaging 4,900 square feet with a range of business space sizes of 2,450 square feet to 9,800 square feet.

- We have assumed that based on market information the rent of $0.75/sf is the achievable rent for the projected rentable square footage.

- We have utilized the industry high level estimate for operating expenses at $0.25/sf/month. We have assumed real estate taxes on top of this at 1.025% of value.

The financing structure is likely to dictate the ownership and management structure since the project will not rely on a conventional debt and equity financing strategy. Three ownership structures may prove workable:

1) **Rental Structure:** Project owned by the development entity for the long-term, with the autobody spaces being provided as rental spaces to tenants. The development entity will likely be a for-profit, but the City and/or a non-profit may need to be part of the transaction to secure some of the financing sources that may be available.

2) **Private Party Ownership:** As outlined above but with an option to convert after seven years to an autobody shop condominium ownership structure after exit of the new market tax credit partner. The current development owner could then opt to sell the whole complex or sell off business condominiums to the current or new owners. Such a structure should be planned for during the development planning phase and should be factored into the financial structuring of the transaction.

3) **Business condominium ownership from the onset:** Although it doesn't seem feasible at this time, further exploration of developing the project as business condominiums can be undertaken as more work is done on the project financing sources.

The private financing sources of $2.43 million have been forecast in a conservative manner and comprise about 41% of the total permanent financing for the project. Depending on a variety of factors including persistence of the low-interest rate borrowing environment and calculation of number of jobs to be generated by the development of this project, the private financing sources could increase substantially.

At this time, the public sources to be identified to complete the project comprise about $3.8 million or 59% of the project. There are a variety of high probability sources that can be secured to complete the financing plan. The public policy and public financing trends are focused on creating sustainable communities including creating economic development projects.

The termination of redevelopment agencies in California created the need to identify other subsidy forms for project implementation. The replacement of that tool with a variety of new and emerging financing and local taxation tools, specifically the creation of the Cap and Trade funding mechanism at the state level and improvements in infrastructure financing districts (IFDs), provide opportunities to create local financing.

The geographic area in which the GIAP receiver site is located has vacancy or availability rate of 5% or less, which is considered a good developer and operator market.

Industrial park management will likely be done by the owner/developer who will either hire a property management company, or will directly operate the project. It is possible that the owner will be an autobody shop operator who occupies a part of the premises and rents out the remainder to tenants.

Business Environment and Needs

Research and interviews conducted with OTNC business owners helped us understand the needs of the auto-related industry, as well as site and design needs for the GIAP. The following are some of the main takeaways:

- Auto-repair in National City is an important component of the local economy. It provides support services to motor vehicle and parts dealers, which are the largest tax generators in National City.

- Insurance companies dictate many of the changes occurring in the auto repair industry, which affects the profitability of small, independent body shops.

- The recent recession greatly affected auto shops as consumers chose to forego having paintwork and small repairs done; however, that has changed as the economy began to improve.

- In terms of site design, the GIAP should promote business mix compatibility by placing non-competing auto-related businesses at the GIAP site.

- The customer base of the business owners interviewed ranged depending on business type, and even within business type. For example, one autobody shop relied heavily on referrals from insurance companies (up to 80% of business); another shop had a significant share of referrals from dealerships on the Mile of Cars (e.g., 40% of business). For the GIAP, business stated that they are willing to co-locate if their customer bases were not similar to the Green Industrial Auto Park businesses.

- Most businesses agreed that locating the GIAP at the SDWPC site or a nearby area west of the I-5 would be appropriate since they relied almost exclusively on referrals from insurance companies and major dealerships on the Mile of Cars and very little on referrals from individual customers.

- Finally, interviewed businesses believe increased City enforcement of auto-related businesses would result in "huge improvements" for the community.

Regulatory Environment

Current regulation on the auto-related industry promotes and guides businesses in the adoption of environmentally sound business practices.

- New incentives to support the auto repair industry to modernize their operations and facilities have become available. Some of them include changes in practices related to the use, storage, and disposal of hazardous waste to mitigate the negative impacts on environmental and human health.
- Regulatory updates at the federal, state and local level are providing clear mandates and guidance for the local auto-repair businesses. Implementation of the new regulations is anticipated to reduce environmental and health impacts on communities.

Best Practices: Case Study Findings

Although there are only a handful of examples to look to for guidance, there is a pressing national need to identify innovative solutions that preserve businesses and jobs while trying to address the environmental and health issues stemming from the commingling of industrial and residential uses.

The following case studies provide inspiration that the GIAP can bring needed solutions for local auto-repair businesses while migrating them to an appropriately zoned location and reduce their environmental impacts.

- The San Francisco - Selecta Autobody Shop in Bernal Heights serves as **a model for other autobody shops interested in "green" site design and sustainable practices**. The autobody shop is a green, state-of-the-art collision repair facility that aims to use as much modern equipment as possible to achieve its sustainability goals.

- A select group of the Iron Triangle businesses in New York City joined forces and moved from their location in an industrial area of Queens to establish the Sunrise Cooperative (the Co-op). **The Co-op, collectively owned by over 50 business owners was able to lease a 144,000-square-foot building set on a 4.9-acre site in the Hunts Point neighborhood.** Since the site is located in a Federal Empowerment Zone, the Co-op was offered many financial incentives to occupy the building.[1] The Co-op is expected to function as a business incubator in Hunts Point and demonstrates the significance of business co-location.

- **Training and outreach for auto-related shops are keys to improving environmental and occupational health.** The Boston Public Health Commission (BPHC) Safe Shops Project reduced the occupational and environmental health hazards generated by over 400 auto-related shops within the city of Boston, Massachusetts, through trainings and outreach. The Safe Shops program developed trusting relationships within the auto shop community, resulting in changes to purchasing policies, implementation, and pollution prevention strategies.

Conclusions and Recommendations

Our GIAP development feasibility analysis preliminarily confirms the GIAP is economically feasible in today's regulatory and economic environment. We have a reasonable financing plan with approximately 40% of the financing coming from private sources, and 60% to come from public and philanthropic sources. We have identified a wide variety of federal, state and regional resources that can be further explored to fill the gap.

We recommend the following next steps to further the development of the GIAP:

1. Create a dedicated nonprofit entity with a board composed of the stakeholder partners, inclusive of representatives of the National City government, the auto-repair businesses, the community residents and their advocates, and local stakeholders such as the Chamber of Commerce. Establishing an ownership entity, specifically a nonprofit, will be critical in receiving seed money and government and philanthropic grants for predevelopment

[1] http://www.nydailynews.com/new-york/queens/willets-bizzes-leave-article-1.1431283

expenditures. A nonprofit can solicit and receive funding to build, own and operate this project until such time that ownership might be transferred to the auto-repair business occupants.

2. Secure a mix of public and private predevelopment funding sources to further initial project planning and feasibility.

3. The total development costs come to approximately $6.5 million or $183/SF. The costs are preliminary estimates and meant to be conservative, meaning there is potential for the budget to go down. The next steps in refining the budget for this particular site would be to meet with a third-party construction cost estimator to get better estimates on the hard costs, and to further develop the financing plan (both construction and permanent sources). This deeper analysis and refinement would entail utilizing a third-party cost estimator that would be a sub-consultant to the financial consultant.

4. Current zoning code requires vehicle, repair, or service shops to have a minimum of 7,500 square feet of lot area. The next step should be to speak with the City Planning Department to determine if a code amendment is feasible.

2. Purpose and Project Context

This section identifies the study's purpose and details the project's context.

Purpose

This report examines the feasibility of developing a Green Industrial Auto Park (GIAP) in National City that would serve as an innovative, environmentally sound and economically viable destination site for auto-repair businesses phasing out of Old Town National City (OTNC), a residential community confronting health impacts resulting from conflicting land uses. The industrial park would be "green" as it would be developed with a strong emphasis on environmentally-friendly facility design, business operations, and practices.

Historically, OTNC was a predominantly single-family residential neighborhood. After World War II, the City Council implemented zoning to attract automotive-related businesses in the burgeoning automotive industry. As a result, OTNC experienced an influx of auto-repair businesses that are now scattered across the neighborhood and operate adjacent to schools, churches, and homes. Consequently, many OTNC residents experience negative health effects from the chemicals, solvents, and paints used in auto-repair operations. The neighborhood currently ranks in the 81st -85th percentile range of Cal/EPA's *CalEnviroScreen* tool, which identifies communities that are disproportionately burdened by multiple sources of pollution and indicators of social disadvantage.[2] In other words, National City is one of the most environmentally vulnerable communities in California.

To address residents' concerns over the health effects caused by OTNC's incompatible land uses, the City adopted an Amortization Ordinance in 2006 and approved the Westside Specific Plan (WSP) in 2010. Taken together the 2010 zoning designations and the Amortization Ordinance enable the City of National City to phase out non-conforming uses that pose health risks to residents of the neighborhood.[3]

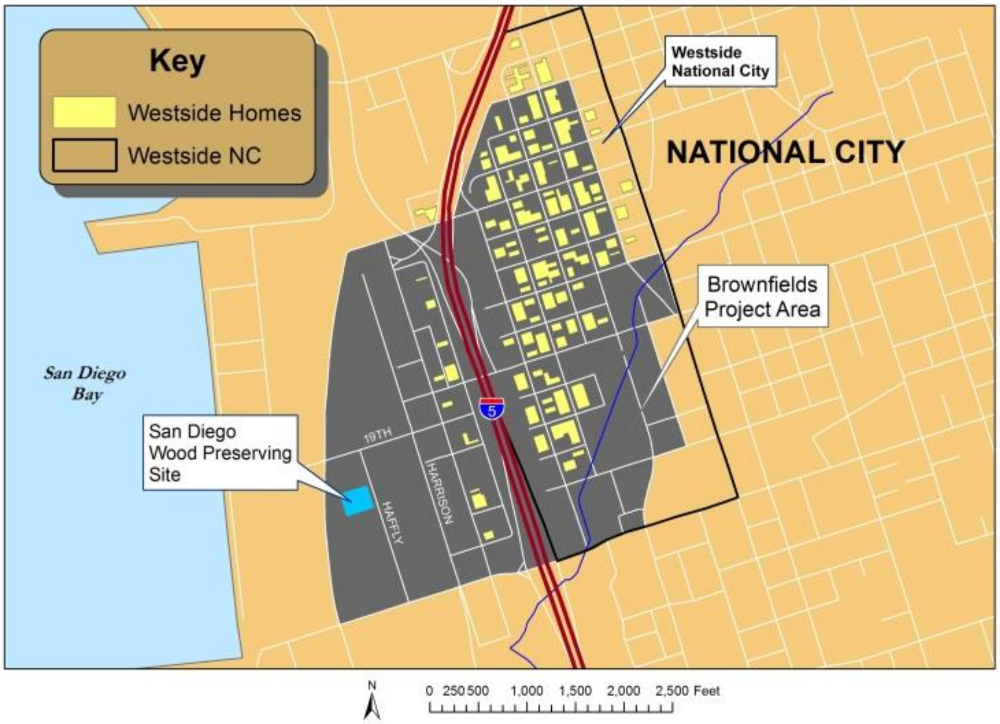
In 2008, the National City Community Development Commission (CDC)—the City's Redevelopment Agency—commissioned Economic & Planning Systems, Inc. (EPS) to complete the *Industrial Park Feasibility Study* to evaluate the feasibility of developing a facility that would serve as an alternative site to house the automotive businesses expected to relocate as a result of the Amortization Ordinance. EPS worked with GDeS Architecture and Planning and MMS Design Associates (collectively, the EPS Team) to complete the study. However, many of the fiscal estimates and recommendations do not reflect current funding mechanisms. The purpose of this report is to update the feasibility analysis previously conducted to reflect priorities from OTNC businesses and residents. It identifies funding mechanisms under current policy developments in a post-redevelopment agency era and economic recession.[4]

This update focuses on evaluating the feasibility of developing a GIAP on the former site of the San Diego Wood Preserving Company (SDWPC), a 1.7 acre brownfield property located in National City at

[2] http://oehha.ca.gov/ej/ces2.html
[3] http://www.environmentalhealth.org/index.php/en/where-we-work/local/national-city
[4] See Appendix C for a Discussion of Economic and Regulatory Changes Since 2008

2010 Haffley Avenue (Figure 1). The GIAP will incorporate a number of green and sustainable features to minimize or mitigate water and energy use, reduce storm water runoff, recycle waste products, and reduce air emissions.

Figure 1: Location of the San Diego Wood Preserving Company Site



Overview of Previous Report

This report expands upon the scope of the 2008 study by identifying current funding strategies and analyzing the GIAP on a specific receiver site (the SDWPC property on 2010 Haffley Avenue). The EPS team utilized several "theoretical sites" in its analysis. Each theoretical development followed one of two models for the industrial park:

1. Conventional industrial condominiums, a traditional model where each unit is individually owned or leased, and
2. Shared facilities, a non-traditional model where "a single owner or operator leases individual or multiple work bays and offices to users. Other facilities in the space would be shared. These include customer parking, estimating, offices, parts storage, prep and sanding booths, spray booths, detailing, and vehicle storage."[5]

For each model, the study conceptualized two options: a one-story project and a two-story project. Thus, the following four theoretical development schemes were created:

1. Scheme 1A: Conventional One-Story
2. Scheme 1B: Conventional Two-Story

[5] *National City Industrial Park Feasibility Analysis, Final Report,* June 19, 2008, page 18.

3. Scheme 2A: Shared Facilities One-Story
4. Scheme 2B: Shared Facilities Two-Story

These schemes ranged in land size (1.4 – 3.2 acres), building size (59,160 – 138,100 sq. ft.), and FAR[6] (60% - 107%). The number of tenants in the industrial park schemes ranged from 12 to 18.

The 2008 study tested the feasibility of each development scheme using pro forma analyses. Assumptions included using both a "Low Lease Rate Scenario" and "High Lease Rate Scenario," a capitalization rate on par with current development in the San Diego region, the same construction cost per square foot (regardless of scheme), and accounted for differences between the models (conventional vs. shared facilities) regarding equipment costs and expenses for annual operations and management. The study concluded that "the construction of a one-story industrial complex with shared facilities (Scheme 2A) appears to be the most financially feasible of the prototypes tested in this analysis."[7] Figure 2 below from the 2008 study summarizes the results of the scenario analyses.

Figure 2: National City Harbor District Industrial Park Feasibility Analysis Summary of High- and Low-Lease rate Scenario Results[8,9]

Scheme	Total Lease Rate per Bldg. sq. Ft.	Capitalized Building Value	Estimated Development Cost	Residential Land Value	Subsidy Required To Achieve Desired 10% Return on Cost
Low Lease-Rate Scenario					
1A	$1.10	$4,259,022	$9,692,345	($5,433,000)	$6,402,235
1B	$1.10	$4,980,941	$9,795,554	($4,815,000)	$5,794,555
2A	$1.09	$8,707,867	$12,704,444	($3,997,000)	$5,267,444
2B	$0.93	$7,949,887	$12,106,420	($4,157,000)	$5,367,642
High Lease-Rate Scenario					
1A	$1.40	$7,338,663	$9,692,345	($2,354,000)	$3,323,235
1B	$1.40	$8,060,582	$9,795,554	($1,735,000)	$2,714,555
2A	$1.37	$13,038,855	$12,704,444	$334,000	$936,444
2B	$1.17	$12,300,948	$12,106,420	$195,000	$1,015,642

Finally, the 2008 study explored gap funding options, including tax increment financing, grant funds, and loan programs at the state and federal levels.

Project Context in Today's Environment

The dissolution of Redevelopment Agencies in California presented the need to identify other subsidy forms for project implementation. It is being replaced with a variety of new and emerging financing and local taxation tools.

[6] FAR: Floor Area Ratio, the total square feet of a building divided by the total square feet of the lot the building is located on.
[7] *National City Industrial Park Feasibility Analysis, Final Report,* June 19, 2008, page 3.
[8] *National City Industrial Park Feasibility Analysis, Final Report,* June 19, 2008, page 4.
[9] Please note that market rate rents as of November 3, 2014 are approximately $0.76-$0.77 per square foot. More details of this analysis is set forth in the Market Assessment Section.

In response, legislators have explored various policy options for restocking the local financing toolbox. Specifically, the creation of the Cap and Trade funding mechanism at the state level and improvements in infrastructure financing districts (IFDs) provide opportunities to create local financing.

The infrastructure financing district (IFD), enacted in September 2014, enhances the existing mechanism to act more like the old redevelopment system[10]. IFDs would act as a financing mechanism for municipalities to pay for large capital projects. This financing mechanism is currently under development. The tool's progress should be monitored to assess if it can be used to finance the GIAP.

In addition to the policy shifts in the economic environment, the automotive industry continues to evolve as businesses consolidate and insurance companies increasingly dictate the direction in which the industry is headed.

The following section discusses the methodology used to conduct this feasibility study.

[10] SB 628 (Beal, D-San Jose), AB 229 (Pérez, D-Los Angeles), AB 2292 (Bonta, D-Oakland), SB 614 (Wolk, D-Davis)

3. Methodology

This study synthesizes information from a wide variety of sources ranging from in-person interviews to governmental sources and industry specific publications. Resident and business owner participation was critical in guiding our research and analysis. All sources were carefully evaluated for veracity and informed our research and recommendations.

Research

- Interviews: The consultant team conducted numerous in-depth interviews with proprietors of auto related shops in OTNC. The goal of these interviews was to better understand auto repair-related operations and needs. These interviews typically lasted approximately ninety minutes and were conducted in English or Spanish. Questions addressed issues of location (how it affects a proprietor's business mix), operations, "green" practices, and participants' thoughts on the overall industry. The consultant team also explained the concept of the GIAP, and solicited thoughts on its feasibility and potential tenant mix. We also interviewed auto shops in the Los Angeles area, in order to ensure that interview data was consistent with the industry trends at large.

  The consultant team interviewed representatives at the San Diego Air Pollution Control District in order to better understand the regulations in place that reduce the environmental impacts of automotive businesses.

- Governmental Sources: The consultant team also conducted an in-depth analysis of existing plans that govern the area at the local level. These include the Amortization Ordinance, Westside Specific Plan (WSP), and National City Municipal Code (NCMC).

  The consultant team reviewed current and past legislation that may affect the feasibility of the GIAP in the present day. These include: Infrastructure Financing District legislation, the 2014-2015 California Budget Trailer Bill, and the Polanco Redevelopment Act.

  Governmental statistical data sources, such as the U.S. Census and San Diego Association of Governments (SANDAG), provided a picture of National City's current demographics such as ethnicity and current unemployment.

  The consultant team also reviewed public agency websites, such as the Boston Public Health Commission and the New York City Development Corporation, to develop "best practice" case studies for green industrial parks and green autobody shops.

- Industry Specific Publications: Trade publications such as FenderBender and BodyShop Business provided the consultant team with an overview of issues relevant to the autobody collision repair industry, as well as industry specific facts and statistics, which helped inform the GIAP analysis. The consultant team also reviewed i-CAR publications, an industry specific organization that provides educational materials for the industry.

IBIS World Market Reports provided market research data and a clear picture of global industry trends, suppliers, and supply chains for car body shops and related businesses in the United States. This data helped inform our industry trends research.

Community Engagement and Participation

This study was developed with continuous consultation with the OTNC community. The project focused on gathering perspectives from community residents and business owners so that all parties affected had the opportunity to share their thoughts on the idea of creating a GIAP.

Stakeholder Group Formation and Meetings: In order to produce a report that responds to both resident and auto shop needs, the research team convened a Stakeholder Group composed of the following:

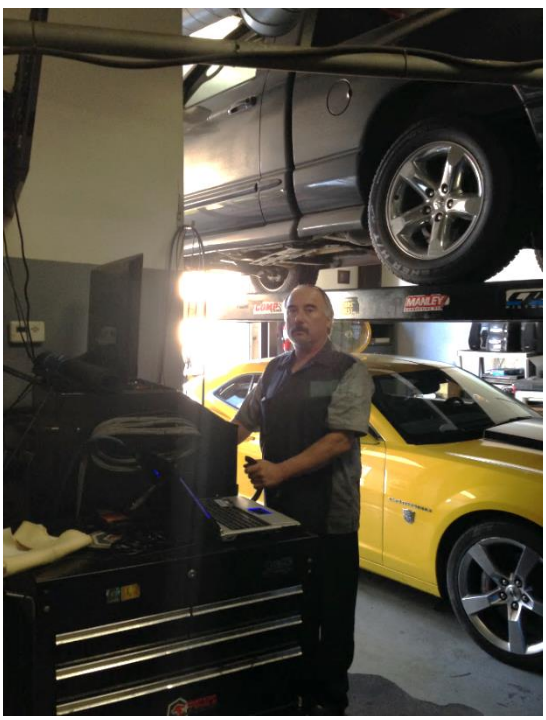
- Community residents, including members of Environmental Health Coalition's (EHC) Community Action Team
- Auto-related business owners
- National City Chamber of Commerce
- National City planners
- Representatives from local nonprofits, including the San Diego Organizing Project, Paradise Creek Educational Park, and Kimball Elementary School.

Stakeholder meetings were held to create an environment in which community residents and auto-related businesses would feel comfortable talking directly with one another about the potential opportunities and challenges that may arise in the effort to create a GIAP.

On May 28, 2014 the consultant team convened the first Stakeholder Group meeting. There was an introduction of the project and its goals to the stakeholder group and delved into the project scope, outlined the responsibilities of the stakeholder group, and provided a brief overview of "best practices" in industrial parks and autobody shops. Furthermore, the stakeholders were encouraged to suggest additional residents or business owners that should be at the table. Stakeholders were also given the opportunity to ask questions of the consultant team. Overall, the stakeholder group agreed that a long-term vision that includes both residents and autobody businesses needs to be articulated for the community.

On October 7, 2014 the consultant team convened the second Stakeholder Group meeting. The meeting outlined the real estate development process, provided an overview of two possible design scenarios, and discussed ownership structures. Stakeholders had a discussion on critical project components such as financing the project and attracting tenants. It was agreed between stakeholders that more data validation on what business owners view as feasible monthly rent or mortgage payments was needed. The meeting concluded with stakeholders agreeing to help the consultant group gather more financial information from business owners.

Site Visits: The consultant team conducted extensive outreach in May and June 2014 in OTNC to auto-related businesses. Overall, the consultant team visited several businesses in OTNC, provided autobody shop owners with an overview of the project, and extended an invitation to join the Stakeholder Group. In-depth follow up interviews were scheduled with interested autobody shop owners. The in-depth interviews sought to gather more information about the needs and concerns of those who would be affected or might benefit from the development of a GIAP.



Industry Tour: On July 15, 2014, Environmental Health Coalition facilitated an auto shop industry tour in order to familiarize community members with the industry. The tour consisted of visits to two auto-related businesses – a machinery business and an autobody shop – located in OTNC. The business owners provided tours of their facilities, described their work flow, and explained their business needs and overall views of the industry. For many stakeholder group members, the tour provided the first opportunity to directly interact with and ask questions of the auto shop representatives. Stakeholders came away with a better understanding of the industry and their needs in National City. The tour concluded with a visit to the SDWPC site.

Site Assessment

This GIAP feasibility study is site specific and focuses on evaluating the feasibility of developing a green industrial auto park on the former site of the San Diego Wood Preserving Company (SDWPC), a 1.7 acre brownfield property located in National City at 2010 Haffley Avenue (Figure 1). The analysis is designed to be transferable and applicable to sites of the same size or larger. The assessment contains a proforma analysis and gap funding study to determine the financial feasibility of the GIAP at the SDWPC. In particular, the proforma analysis places focus on a project design scheme that maximizes available tenant space.

The next section of this report details the community, regulatory, economic, planning, and auto repair environment for the GIAP.

4. Local Community Context

Section 4 provides context on the community, regulatory, economic, and planning environment of the GIAP.

Community Environment

OTNC is bordered to the west by interstate 5, and located near the Port of San Diego and rail facilities that make strong economic contributions to the region. OTNC also has a high concentration of auto dealerships and various auto-related businesses, all of which are critical revenue generators for National City. Autobody shops are mixed throughout OTNC's residential neighborhood and operate adjacent to schools, churches, and homes, creating incompatible land uses that are harmful to residents' health and quality of life. The neighborhood currently ranks in the 81st -85th percentile range of Cal/EPA's *CalEnviroScreen* tool, which identifies communities that are disproportionately burdened by multiple sources of pollution and indicators of social disadvantage.[11]

Historically, community residents have been deeply engaged in discussions regarding the efforts to phase out autobody shops located in sensitive-use areas, and have played a critical role in securing approval of the Amortization Ordinance. Enacted in 2006, the Ordinance allows the city to require a business engaged in a non-conforming use to phase out that location. Given the impact on businesses and residents, this study places a specific emphasis on gathering an equal amount of information on the perspectives of both community residents and business owners so that all parties affected have the opportunity to share their thoughts on the idea of creating a GIAP.

Regulatory Environment

Federal, state, and county regulations guide larger decisions on water quality, air pollution, and hazardous material management, while city-level regulations primarily focus on setting standards for site design. Regulations for autobody repair and collision shops generally fall into three main categories: water pollution prevention, air pollution prevention, and hazardous material management. Federal regulations, especially the Clean Water Act and Clean Air Act, form the core of environmental regulations, particularly those at the state and county levels. This section aims to provide a sampling of the permits and regulations that affect autobody shops in National City.

Federal and State

The Clean Water Act (CWA) and Clean Air Act (CAA) are federal laws aimed at reducing air pollution and water pollution. While both are federal laws, primary oversight and enforcement occur at the state and county levels. As a result of these laws and their implementing regulations, auto-related businesses are required to assess and evaluate their level of activity and impact on the environment and public health in order to operate. The required permits are issued at the regional and local levels and are discussed in the sections that follow.

[11] http://oehha.ca.gov/ej/ces2.html

Under the Clean Air Act, in 2008 the United States Environmental Protection Agency (US EPA) adopted the 6H Rule[12], which regulates the release of toxic air pollutants from paint stripping and surface coating operations. This rule resulted from the US EPA's Collision Repair Campaign—an effort to lessen the amount of hazardous air pollutants (HAPs) produced by auto related shops. As regulations such as the 6H Rule have become increasingly prevalent and stringent on addressing environmental concerns, auto-repair-related businesses will be required to allocate more resources to compliance activities. Small auto repair-related business in OTNC will likely face financial challenges and market competition from larger auto repair-related businesses. The GIAP will provide an opportunity for OTNC auto-related businesses to transition to new business and safer work practices.

San Diego County

The San Diego County Air Pollution Control District is charged with adopting and enforcing federal and state emissions regulations for air pollutants such as volatile organic compounds (VOCs).[13] At the county level, regulations enacted require automotive businesses to obtain permits for hazardous material management, air pollution, and wastewater discharge.

Enforcement of federal regulation on the management of hazardous materials, including hazardous waste, is generally carried out at the county level. The Certified Unified Program Agency (CUPA) offers a single point of contact for hazardous material management. The regional CUPA is currently housed within the Hazardous Materials Division of the Department of Environmental Health for San Diego County. Beginning in 2013, facilities that store or use hazardous materials on-site are required to use California Environmental Reporting System (CERS), an online portal to report on environmental compliance. Through CERS, auto-related shops are responsible for reporting on the following:

- Unified Program Facility Permit
- Hazardous Materials Business Plan (HMBP)
- Hazardous Waste
- Hazardous Waste On-site Treatment
- Hazardous Waste Tank Closures
- Remote Waste Consolidation
- Recyclable Materials Reports
- Underground Storage Tanks (UST)
- Aboveground petroleum storage over 1,320 gallons (APSA/SPCC)[14]

As businesses that store, use, and dispose of hazardous materials, auto shops are required to obtain a Unified Program Facility Permit through the San Diego County Department of Environmental Health.

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[12] Federal EPA rule 40 CFR Part 63, Subpart HHHHHH (6H); http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr;rgn=div6;view=text;node=40%3A15.0.1.1.1.21;idno=40;sid=fd3b12eb6d0178cbf50139f96d7e9fad;cc=ecfr
[13] http://www.co.san-diego.ca.us/bos/supporting_docs/063010ap01w.pdf
[14] http://www.sdcounty.ca.gov/deh/hazmat/hmd_automotive.html

Auto repair facilities must meet hazardous materials regulation standards if their hazardous materials exceed:

1. 55 gallons for liquids
2. 500 pounds for solids
3. 200 cubic feet for gases.[15]

Auto repair facilities that produce less than a total of 100 Kg (about 221 lbs.) of hazardous waste per month are classified as Conditionally Exempt Small Quantity Generators and are exempt from certain regulatory requirements.[16] However, these facilities are still required to have a Unified Program Facility Permit.[17] Also, regardless of quantity produced, a record of all hazardous waste disposal is required for at least the prior three years.[18]

In addition to hazardous materials management, San Diego County adopted the following regulations to reduce smog-forming pollutants.

- Motor Vehicle and Mobile Equipment Coating Operations (Rule 67.20.1): The VOC content of paints and solvents used by autobody shops is of primary concern in regulating air pollution. In response to California Air Resources Board's 2005 release of a more stringent Suggested Control Measure for Automotive Coatings,[19] Air Pollution Control District (APCD) of San Diego County updated the Rule 67.20 in June 2010. Rule 67.20.1 sets tighter standards for: the VOC content of paints, coatings, and cleaning materials; the types of equipment that can be used for paint and coating application, and; the procedures that must be carried out during the use of these materials.

- Cold Solvent Cleaning and Stripping Operations (Rule 67.6.1): This rule replaces the previous Rule 67.6, and establishes VOC content limits for solvents and parts cleaners used by auto repair shops and standards for workspace operations and procedures.[20] Procedures and workplace operation requirements help reduce VOC emissions during usage, and manage emissions while the solvents are in storage.[21]

To carry out requirements of CWA's National Pollutant Discharge Elimination System permit program, the San Diego Regional Water Board requires municipalities to obtain a Municipal Separate Storm Sewer System (MS4) Permit. The MS4 permit allows for specific pollutants to be discharged into the storm drain systems that connect to local streams, coastal lagoons, and the ocean. Under

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[15] Margarita Mogollon, San Diego Department of Environmental Health, presentation on Vehicle Service and Repair Overview and Introduction

[16] Margarita Mogollon, San Diego Department of Environmental Health, presentation on Vehicle Service and Repair Overview and Introduction

[17] Margarita Mogollon, San Diego Department of Environmental Health, presentation on Vehicle Service and Repair Overview and Introduction

[18] Margarita Mogollon, San Diego Department of Environmental Health, presentation on Vehicle Service and Repair Overview and Introduction

[19] California Environmental Protection Agency, Air Resources Board. " Suggested Control Measures for Automotive Coatings." http://www.arb.ca.gov/coatings/autorefin/scm/scm.htm

[20] Eric Luther, San Diego Air Pollution Control District, presentation of Motor Vehicle Service Repair Compliance Workshop

[21] The rule was updated to reflect advances in cleaning solvent technology and "strengthens the [State Implementation Plan] to largely fulfill the relevant CAA §110 and part D requirements." From: USEPA Region IX Air Division, (2009). "Technical Support Document for EPA's Direct Final Rulemaking for the California State Implementation Plan: San Diego Air Pollution Control District, Rule 67.6.1, Cold Solvent Cleaning and Stripping Operations." County of San Diego Air Pollution Control District, (2007). "Air Quality in San Diego County, 2007 Annual Report." Retrieved from: <http://sandiegohealth.org/air/sdapcd_annual/annual2008.pdf> : 13

this permit, cities must monitor industrial and commercial facilities, such as autobody shops, to ensure that minimum best management practices (BMPs) are implemented. [22]

National City

At the local level, National City regulates autobody and repair shops through specific use regulations and a stormwater management ordinance. The specific use regulations for autobody uses were added in May 2011 to provide a detailed and comprehensive set of regulations. Prior to the update, autobody and paint shops were regulated only on hours of operation and work space for specific procedures.[23] Now, auto shops must comply with a set of 29 regulations organized into the following sections:

- General operations and maintenance (3 regulations)
- Air pollution (4)
- Hazardous materials (7)
- Parking and site layout (6)
- Noise (1)
- Vehicle storage (3)
- Security and fencing (2), and
- Pollution prevention (3).

In some cases, rules reinforce existing state and federal standards, such as the 6H rule,[24] general permitting requirements,[25] and low-VOC content paints[26]. In other cases, National City builds upon existing regulations, such as the requirement for all new auto repair shops to maintain an Integrated Maintenance and Operational Plan (IMOP) that is in addition to and complementary with the States Injury and Illness Program (IIP).[27] There are also rules that National City includes to reflect and address unique, local characteristics. For instance, through community advocacy and organizing,[28] the specific use regulations prohibit auto shops from locating less than 500 feet from schools or residential properties.[29]

Besides specific land use regulations, National City adopted a stormwater management program that requires special protocol for auto repair shops. The National City Storm Water Management and Discharge Control[30] section of the NCMC is an example of local policy that builds upon existing state and federal level regulation. At the federal level, the US EPA requires new autobody shops to create and implement Storm Water Pollution Prevention Plan (SWPPP). However, following the adoption of the local stormwater ordinance, these businesses must also ensure consistency of their SWPPP with the local regulation.

The City defines Automotive Repair Shops in its National City Storm Water Management and Discharge Control Ordinance as those businesses that are categorized using one of the following

[22] http://www.waterboards.ca.gov/sandiego/water_issues/programs/stormwater/faq.shtml
[23] National City Municipal Code, Specific Use Regulations, 18.30.060
[24] National City Municipal Code, Specific Use Regulations, 18.30.350(B)(4)
[25] National City Municipal Code, Specific Use Regulations, 18.30.350(B)(3)
[26] National City Municipal Code, Specific Use Regulations, 18.30.350(B)(2)
[27] National City Municipal Code, Specific Use Regulations, 18.30.350(A)(2)
[28] http://www.environmentalhealth.org/index.php/en/media-center/press-releases/240-environmental-health-coalition-asks-national-city-city-council-to-protect-the-health-of-children-attending-kimball-elementary-school
[29] National City Municipal Code, Specific Use Regulations, 18.30.350(D)(3)
[30] National City Municipal Code, Storm Water Management and Discharge Control, Chapter 14.22

Standard Industrial Classification (SIC) codes: 5013, 5014, 5541, 7532-7534, or 7536-7539.[31] Auto repair shops are considered regulated commercial facilities and therefore required to install, implement, and maintain an additional set of minimum BMPs, which are outlined in the Municipal Code 14.22.110. A sampling of regulations applicable to the auto repair industry can be found in Appendix B. [32]

Overall, current regulation on the auto-related industry promotes and guides businesses in the adoption of environmentally sound business practices.

Economic Environment

Incorporated in 1887, National City is the second oldest city in San Diego County.[33] Median household income is well below the state average ($38,798 vs. $61,400 for 2008-2012);[34] conversely, the City's unemployment rate is significantly higher than the state rate (13.0% vs. 7.8% in July 2014).[35] The median income level for a four-person household is the lowest in the County.[36]

In terms of taxable sales, Motor Vehicle and Parts dealers are the primary tax generators in National City. More specifically, according to the California State Board of Equalization, Motor Vehicle and Parts Dealers accounted for $137,207,000 in taxable transactions in the second quarter of 2013 (Figure 2). This is the highest retail tax generator in National City, followed by Clothing and Clothing Accessories Stores with $36,816,000, and Food Services and Drinking Places with $34,280,000. The auto-related industry is the City's largest tax generator, thus it is important to preserve the auto-related businesses in the City.

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[31] https://library.municode.com/HTML/16516/level3/SUHITA_TIT14WASE_CH14.22STWAMADICO.html
[32] https://library.municode.com/HTML/16516/level3/SUHITA_TIT14WASE_CH14.22STWAMADICO.html
[33] http://visitnationalcity.com/
[34] http://quickfacts.census.gov/qfd/states/06/0650398.html
[35] http://www.homefacts.com/unemployment/California/San-Diego-County/National-City.html
[36] http://www.utsandiego.com/news/2013/jan/22/national-city-affordable-housing/

Figure 3: Taxable Sales in National City, Second Quarter 2013[37]

Type of Business	Permits	Taxable Transactions (in thousands of $)
Retail and Food Services		
Motor Vehicle and Parts Dealers	99	137,207
Home Furnishings and Appliance Stores	67	5,660
Bldg. Matrl. and Garden Equip. and Supplies	32	6,770
Food and Beverage Stores	78	8,833
Gasoline Stations	13	21,387
Clothing and Clothing Accessories Stores	201	36,816
General Merchandise Stores	29	34,047
Food Services and Drinking Places	198	34,280
Other Retail Group	578	14,424
Total Retail and Food Services	**1,295**	**299,426**
All Other Outlets	429	43,125
Total All Outlets	**1,724**	**342,551**

As evidenced by Figure 3, economic activity in OTNC relies heavily on the automotive industry, including the City's service and repair shops and its well-known Mile of Cars. The Mile of Cars is a concentration of over 20 new and used car dealerships and auto-related businesses located on a stretch of National City Boulevard that runs along the eastern border of OTNC. This concentration of dealerships and related businesses has distinguished National City as a center for auto-related work in San Diego County. While the Mile of Cars stands as the City's top tax revenue generator, only a small percentage of residents of OTNC are employed in these facilities.[38]

Auto-related businesses are scattered throughout OTNC due to post-WWII rezoning, which allowed the siting of commercial and auto-related uses adjacent to residential uses. Current zoning regulations, however, are designed to untangle these adjacent, incompatible land uses and to phase out pollution-generating activities near residential development and community amenities. Developing the GIAP would help preserve OTNC auto-related businesses and its economic vitality for the City while supporting efforts to address land use incompatibility.

[37] http://www.boe.ca.gov/news/tsalescont13.htm
[38] http://www.nationalcitychamber.org/wp-content/uploads/2010/06/FINAL4_ONLINE_NC-News-Summer-20111.pdf

Planning Environment

In the 1950s, City leaders implemented zoning regulations that permitted the development of industrial/manufacturing uses in residential neighborhoods. As a result, automotive-related businesses that often generate hazardous emissions are situated next to housing. Predominant land uses in OTNC are residential (25%), auto-related and business commercial (6%), and industrial auto-related (7%).[39] It is estimated that approximately 32 million pounds of regulated hazardous substances and 870,000 cubic feet of toxic gases are present in the City.[40] In comparison, 3,850,000 pounds of hazardous substances are found in the La Jolla community of the City of San Diego.[41] According to the City's General Plan,[42] children under 17 within OTNC's 91950 zip code suffer disproportionately from asthma symptoms when compared to the rest of the County. To address the negative impacts of automotive-related business activities on residents in the area, the City has taken several steps as set forth in Figure 4, below.

Figure 4: Timeline of Major Planning Milestones in National City

Year	Event
August 2006	**City Enacts Amortization Ordinance** The City implements zoning changes to the Land Use Code. Properties with uses no longer allowed under the new zones are classified as "non-conforming." Amortization establishes a reasonable period of time for the operator of a non-conforming land use to recoup their investment before the non-conforming use must be phased out.
March 2010	**City Adopts the Westside Specific Plan** The WSP was drafted at the request of the community to help OTNC achieve its goal of becoming a more thriving, healthy, and vibrant community. The central vision of the WSP is to: 1. Respect and encourage single-family homes and small residential development 2. Improve environmental health conditions for residents of the area 3. Limit uses adjacent to Paradise Creek to restoration, passive recreation, and open space 4. Enhance pedestrian safety and promote walkability of the community
August 2010	**City Passes the Westside Specific Plan Implementation Ordinance** The Ordinance amends the City's Land Use Code by rezoning the area from Light Manufacturing/Residential to residential friendly uses in order to "reestablish the Westside as a safe, healthy, vibrant neighborhood."[43] The amortization then calls for the phasing out of non-conforming industrial uses out of OTNC as part of the Westside Specific Plan implementation.

[39] http://www.nationalcityca.gov/index.aspx?page=498
[40] http://www.environmentalhealth.org/index.php/en/where-we-work/local/national-city
[41] http://www.environmentalhealth.org/index.php/en/who-we-are/mission/environmental-justice
[42] http://www.nationalcityca.gov/index.aspx?page=549, data updated with Department of Environmental Health in 2012.
43 http://www.ci.national-city.ca.us/index.aspx?page=498

Amortization Ordinance

In 2006 National City adopted Ordinance 2006-2286, the Amortization Ordinance, which created what is now Section 18.11.100(D)[44] entitled "Affirmative Termination by Amortization" in the NCMC. The Ordinance is designed to legally authorize City Council to implement the new specific plan visions and discontinue legal non-conforming uses by phasing out industrial uses situated next to housing, schools, and community centers.

Following the zone change, National City's non-conforming uses are grandfathered in and permitted to continue operating.[45] However, existing sites face restrictions related to physical expansion, substituting uses, and signage.[46, 47] The Amortization Ordinance creates a mechanism for the City Council to discontinue the operation of a harmful, non-conforming use through an affirmative termination.[48] The amortization establishes a reasonable period of time for the operator of a non-conforming land use to recoup their investment before the non-conforming use must be terminated. A non-conforming land use is a land use that is inconsistent with the zoning for the area e.g. an industrial use within a residentially zoned area.

A reasonable period of time for each business depends on the consideration of many factors outlined in the amortization ordinance. These factors include the total cost of the land and improvements; the length of the time the use has existed; adaptability of the land and improvements to a currently permitted use; whether the use is significantly non-conforming; the possible threat to public health, safety, or welfare, and any other relevant factors.

In order to exercise this Ordinance and close a non-conforming business, the City Council must approve a recommendation made by the Planning Commission;[49] ten days following the notice, the Planning Commission must hold a public hearing. If approved by the City Council, the business at issue is given a minimum of one-year before the termination date. The time allowance for termination will vary based on the considerations noted before, with particular focus on the economic aspects. While the ordinance aims to separate harmful and non-conforming uses such as autobody shops located next to homes and schools, it does make allowances for businesses to mitigate losses and recoup investments.[50]

Westside Specific Plan (WSP)

The WSP focuses on improving OTNC and was drafted at the request of the community to help OTNC achieve its goal of becoming a more thriving, healthy, and vibrant community. As a result of public concern associated with the proximity of pollution-generating businesses near public areas, traffic, parking, noise, and air quality issues, the City began working on the WSP in 2005. The central vision of the WSP focuses on four guiding principles:

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[44] The original Amortization Ordinance, Ordinance No. 2006-2286, added Section 18.108.230 to Chapter 18.108 of the NCMC. A 2012 ordinance, Ordinance No. 2012-2372, restructured Title 18 of the NCMC. As a result of Ordinance No. 2012-2372, the amortization ordinance language is now in Section 18.11.100 (D).

[45] NCMC § 18.11.020

[46] NCMC § 18.11.030 and § 18.11.040

[47] As of 2010, these general permissions vary for non-conforming uses in the Westside Specific Plan. See the Westside Specific Plan in this section of the report for more information or see § 18.11.030 (A) (4) and § 18.11.040 (B) of the NCMC for exact language.

[48] Amortization Ordinance cannot be applied to homes that are considered non-conforming uses. NCMC § 18.11.100 (D) (1).

[49] The planning commission considers land use, land value, public health, and historical use in forming its recommendations.

[50] NCMC § 18.11.100 (D)

1. Respect and encourage single-family homes and small residential development
2. Improve environmental health conditions for residents of the area
3. Limit uses adjacent to Paradise Creek to restoration, passive recreation, and open space
4. Enhance pedestrian safety and promote walkability of the community

Westside Specific Plan Implementation Ordinance

The existing uses in OTNC that are no long permitted under the WSP's updated zoning are considered "non-conforming." In the Implementation Ordinance, the language most relevant to the presence of autobody shops in OTNC amends Sections 18.11.030 and 18.11.040 of the current municipal code.[51]

Section 18.11.030 of the NCMC prohibits non-conforming uses from expanding and altering the building and property, unless it is has obtained a CUP to substitute an existing non-conforming use in OTNC.[52] Substitutions consistent with Section 18.11.040 are permitted to expand or alter up to 20 percent of the existing footprint and structure.[53] Outside of OTNC, if a non-conforming use is substituted for another, the new use would not be permitted to expand as it is still misaligned with underlying zoning. The restriction on expansion remains intact for existing non-conforming uses that continue to operate in OTNC.

Neighborhood Impact Score

In 2011, National City's Council adopted a ranking process to create a priority list by which non-conforming uses will face the amortization process. The ranking was prepared by Vita Nuova LLC[54] for the US EPA's Office of Solid Waste and Emergency Response and the Office of Brownfields and Land Revitalization. The ranking process[55] is designed to rank multiple non-conforming properties in relationship to one another. It incorporates factors consistent with the criteria outlined in the Amortization Ordinance and provides a simple, reproducible process that can be easily understood by business owners and other stakeholders. In 2012, the City finalized the first ranking of over 100 auto-related businesses and the city is now in the process of implementing the first two amortization cases. Stakeholders are currently seeking ways to bring about a GIAP that can house businesses relocated by amortization.

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[51] In the original ordinance language, the amendment was made to sections 18.108.030 and 18.108.100 of the National City Municipal Code. The Code was reorganized in February 2012 following the enactment of Ordinance 2012-2372.
[52] NCMC § 18.11.030 (A) (4)
[53] NCMC § 18.11.030 (A) (4)
[54] http://www.vitanuova.net/
[55]
http://nepis.epa.gov/Exe/ZyNET.exe/P100B57T.TXT?ZyActionD=ZyDocument&Client=EPA&Index=2011+Thru+2015&Docs=&Query=&Time=&EndTime=&SearchMethod=1&TocRestrict=n&Toc=&TocEntry=&QField=&QFieldYear=&QFieldMonth=&QFieldDay=&IntQFieldOp=0&ExtQFieldOp=0&XmlQuery=&File=D%3A%5Czyfiles%5CIndex%20Data%5C11thru15%5CTxt%5C00000001%5CP100B57T.txt&User=ANONYMOUS&Password=anonymous&SortMethod=h%7C-&MaximumDocuments=1&FuzzyDegree=0&ImageQuality=r75g8/r75g8/x150y150g16/i425&Display=p%7Cf&DefSeekPage=x&SearchBack=ZyActionL&Back=ZyActionS&BackDesc=Results%20page&MaximumPages=1&ZyEntry=1&SeekPage=x&ZyPURL

Auto Repair Industry Environment

General Industry Trends

Current trends in the automotive industry indicate that the industry is changing. Improvements in vehicle technology (e.g. crash-avoidance technologies) have and will continue to reduce collisions. Changes in vehicle technology and increases in vehicle complexity will also call for continued training of the workforce to keep pace with the use of new materials, equipment, and processes. At both the state and federal levels, there is a trend of increased standardization in materials, parts, and practices of autobody shops.[56] In the past 15 years, the number of automotive shops has dropped by 12 percent nationally—from 46,427 shops in 1998 to 40,488 in 2013.[57] Some industry experts believe that current demand for auto shop services could be managed by approximately 20,000-25,000 businesses.[58] Consolidation is a growing trend, with small shop owners selling to chains and multiple shop operators (MSOs).[59]

There is general agreement among the business owners interviewed that insurance companies dictate many of the changes occurring in the auto repair industry. Many of these changes affect the profitability of small, independent body shops. In addition to the economy and an increasingly strict regulatory environment, insurers also significantly influence auto shops as they place cost pressures on businesses to reduce labor rates and provide insufficient reimbursement for complying with customer preferences in the repair.[60] This could result in cost-cutting measures such as poor management of environmental hazards and conditions by the autobody shop.

Views of industry trends by National City business owners interviewed as part of this report are somewhat mixed as part of this report. Several business owners believe that it will become increasingly difficult for smaller body repair shops to survive as the industry continues to consolidate. Some point to the need for deeper pockets to keep pace with technological advances. Investments in staff training such as automotive service excellence (ASE) certifications and Inter-Industry Conference on Auto Collision Repair (I-CAR) certifications can be a double-edged sword, according to some owners. On one hand, certifications may allow a business to advertise industry-approved credentials as a method of attracting or retaining customers. On the other hand, by requiring businesses to acquire such certifications, insurance companies could potentially transfer liability to the repair shop. For example, if a repair performed by a certified technician requires

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[56] IBIS World. Car Body Shops in the US. May 2014.
[57] http://www.i-car.com/pdf/education_foundation/2013_snapshot_full.pdf
[58] Benckart, Greg. "State of the Industry 2013-2014." BodyShop Business.
[59] Evans, Bryce. "A Shifting Landscape." Fender Bender Magazine. February 2014.
[60] 2013 Industry Profile, "Insurer-Repairer Relations." BodyShop Business, May 2013

additional repairs due to incorrect or incomplete work done during the initial repair, insurance companies may refuse to cover the costs of the additional repairs on the basis that a certified technician would have performed the repair work accurately and completely the first time around.

A few business owners stated that the future prospects of smaller, independently owned auto-repair businesses in Southern California were viable, if not healthy. One owner believed that big auto companies, including domestic, European, and Asian brands, will continue to rely on small, independent shops for innovation, especially in the after-market specialty niches. Another owner pointed to a growing market in restoration and maintenance of higher end brands and models.

The recent recession greatly affected auto shops as consumers chose to forego having paintwork and small repairs done. Now, as the economy begins to improve, the industry has been showing signs of growth.[61]

Local Industry Demographics

Staffing Size

All of the businesses interviewed in National City reported downsized staffing as a result of the economic downturn that started in 2008. Many businesses currently operate with less than half the number of employees relative to the mid-2000s; one business operates as a one-person shop – the business owner alone. As the economy continues to recover and employees are added to the payroll to meet increasing customer demand, growth prospects for auto-repair businesses in OTNC may be encumbered by their current locations, as recently enacted zoning changes (previously discussed in *Regulatory Environment*) restrict the expansion of non-conforming uses.

[61] Ibis World. Car Body Shops in the US. May 2014.

Business Base

The customer base of the business owners interviewed ranged depending on business type, and even within business type. One autobody shop relied heavily on referrals from insurance companies (up to 80% of business); another shop had a significant share of referrals from dealerships on the Mile of Cars (e.g., 40% of business). These two businesses were larger independent shops that had contracts with insurance companies via a Direct Repair Program (DRP).[62] Nationally in 2013 almost eight out of ten autobody shops participated in at least one Direct Repair Program (DRP)[63]. The perceived benefit to participating in a DRP has decreased in general. The highest satisfaction rate was in 2002, when 92% of those surveyed believe that their business was "better off" due to the DRP. A low for satisfaction was in 2006 at 65%, and recently at 72% in 2012.[64]

The customer base for other automotive repair-relative businesses interviewed showed even greater variation. These business types included transmission repair, machinery, and performance tuning. This group relies much more heavily on referrals and repeat business from individuals (up to 80%), and draws from geographic areas that include the entire San Diego metropolitan statistical area (MSA)[65] and north to Bakersfield and south to Mexico City. Some of these businesses, due to their provision of specialty services, report little (e.g., closest competitor is 30 minutes away) to no local, and in some cases even regional, competition.

Operational Requirements and Needs

Location and Proximity Needs

In general, when asked where they would prefer to relocate, business owners expressed that a heavy industrial area such as west of the I-5 would be practical because it is within National City, close to other auto-related businesses, and away from residential zones. Enterprises relied almost exclusively on referrals from insurance companies and major dealerships on the Mile of Cars and very little on referrals from individual customers. Highly specialized market niches also did not find location was a critical factor for their customer base.

Regarding proximity, business owners spoke primarily of what they did not want nearby. They indicated that they did not wish to be located near direct competitors, as price shopping by prospective customers and potential poaching by competitors were major concerns. The mixing of "quality tiers" was also problematic. Business owners of larger autobody repair shops with DRPs stated a strong aversion to co-location with any autobody repair shop in a lower "quality tier" due to fear that customers may perceive a lower standard of quality bleeding from one shop to the other.

Businesses that provided identical services were willing to be located close to each other if their customer bases were not similar to opposing businesses. For example, mechanic shops could be

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[62] A **direct repair program (DRP)** is a contract between an auto insurance company and a collision shop for the collision shop to provide repairs for the insurance company's claimants. (Source: www.wisegeek.com)

[63] 2013 Industry Profile, "Multi-Shop Operations." BodyShop Business, May 2013

[64] 2013 Industry Profile, "Operations Profile." BodyShop Business, May 2013

[65] The general concept of a **metropolitan statistical area (MSA)** is that of a large population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Metropolitan areas comprise one or more entire counties, except in New England, where cities and towns are the basic geographic units. (Source: http://quickfacts.census.gov/qfd/meta/long_metro.htm)

immediate neighbors if each serviced a different make of vehicle (e.g., European brands vs. domestic brands vs. Asian brands). Similarly, larger autobody repair shops could be immediate neighbors if each had DRPs with different insurance companies. However, autobody shops with DRPs may balk at co-locating due to the potential revocation of the DRP by the insurance company.

In addition to concerns over co-location with direct competitors, interviewees also stated limitations regarding a more varied mix of business types. Certain types of businesses do not want to be located near autobody repair shops for various reasons. For example, the dust created by paint preparation processes such as sanding is especially troublesome to mechanic shops and performance tuning shops. Other business owners stated a preference to not be located near a performance tuning shop, which can be noisy due to the constant revving of engines. Several interviewees stated that if certain non-compatible businesses were to be co-located, some form of physical barrier should be in place to separate these businesses, and environmental elements such as wind direction must be taken into account. While these adverse conditions strongly impact perceptions of co-location today, it is assumed that in an autobody shop utilizing "green" practices that these conditions will improve.

One interviewee suggested that the receiver site should be larger and include multiple blocks west of the I-5 in order to accommodate more OTNC businesses. A larger site would house an array of auto-repair related businesses of multiple "quality tiers." Further explanation on the receiver site is given in Section 6: Site Opportunities and Section 8: Development Analysis and Recommendations.

Equipment, Ingress/Egress, Space Configuration

When asked about the operational needs of their businesses, interviewees identified parking as the foremost consideration. Each business needs to have a sufficient number of private parking spaces. Business owners expressed little willingness to share parking spaces with other businesses, with the loss of control over workflow management being a primary impediment. Owners of business types that serviced higher end cars, often for longer cycle times, expressed a desire for covered parking.

Several interviewees also stressed the importance of adequate options for ingress and egress. Entrances and exits to an auto-repair business site should be large and wide enough to accommodate multiple cars side-by-side to reduce the chance of congestion. Another option is to have multiple points of ingress and egress. One interviewee pointed to a neighboring auto-repair strip mall with a single narrow entrance, and how one inefficiently parked car often lowers the productivity of all the businesses (and raises the ire of all the business owners).

In addition to learning of the parking needs of different businesses, we also found that autobody repair shops with DRPs tend to be larger. One interviewee stated that the requirements for obtaining a DRP, such as having a compliant paint booth or separate "clean room" for aluminum repair, required larger shops. Another type of business that required larger space (in this case more storage per repair bay) was a customization/restoration shop due to long cycle times.

Opportunities and Constraints

Interviewees identified various environmental opportunities and constraints when discussing efforts to promote green practices within automotive businesses. They spoke of education as a critical component to the success of businesses in adopting green practices. One business owner stated that non-compliant business operators may not realize the damage of their business activities on the community. Another business owner suggested that training on environmentally responsible practices should be required for businesses and employees located at the GIAP. This owner believes that practices would change as non-compliant shops see competitors adopting green practices, which would result in institutionalization by peer pressure.

It should be noted that a couple of business owners interviewed were not particularly interested in implementing green practices beyond the regulatory minimums. For these owners, the green aspects of the GIAP may not be immediately attractive; however, this mindset may change as regulations become increasingly stringent.

Interviewees also spoke of the lack of awareness among City officials and staff who may not know of advancements in technology in the automotive industry. Several interviewees mentioned dubious practices and egregious violations by some shops. Based on our interviews, increase enforcement by the City targeting these violators would result in “huge improvements” for the community.

Economic

Feedback from the interviews revealed several considerations from an economic perspective. Several interviewees were both business owners and property owners and would consider relocating to the GIAP only if a purchase option was available. One such interviewee believed that any purchase price would require subsidies to be economically viable.

Many interviewees stressed the challenges with the relocation process itself. The loading and transport of large and/or heavy equipment poses both logistical and financial burdens. For certain equipment there are additional costs of disassembly and reassembly; in the case of paint booths, City codes dictate the installation of certain types of wiring and piping and generate additional expense. Business owners who were also property owners expressed concern over the potential reduction in the asset value of their parcels due to rezoning.

A few interviewees suggested that the scope of this project be expanded to include the assembly of a “relocation package” (in addition to development of a GIAP on the selected receiver site). Such a relocation package could include: the sourcing of financial assistance for relocation from various state, federal, and philanthropic programs; buy-out assistance for property owners; expedited permit processing or temporary easing of local regulatory requirements by the City; incentives for sender sites to allow “Moved To” signage; and other features. Some of these features, such as expedited permit processing or temporary relief from code, could be applied to the GIAP.

As currently envisioned, the GIAP creates both marketing opportunities and challenges. On one hand, the receiver site is not directly off US Interstate 5, so signage would need to be even more prominent; on the other hand, the overall marketing plan for the GIAP may mitigate the need for prominent signage of individual shops.

Economic benefits from economies of scale prove to be far more elusive. Interviews revealed a very limited menu of resource sharing opportunities between auto-repair businesses. Business owners are potentially willing to share:

- Reception/Waiting Room
- Restrooms for customers
- Hazardous Waste Disposal (between businesses other than autobody shops)
- Trash Disposal (between businesses other than autobody shops)

Even then, interviewees raised concerns that the sharing of these facilities would require businesses to conform to some level of standards, and the hiring of and sharing of expenses for a third party to maintain the shared spaces (e.g., cleaning staff for waiting room).

Interviewees were unanimous about particular resources they were not willing to share. These non-sharable resources include:

- Equipment and tools,
- Workflow parking,
- Restroom for employees (each shop must be responsible for its own level of cleanliness),
- Office space, and
- Trash disposal between autobody shops and other types of businesses

The next section of this report further develops the context for the GIAP by detailing best practices across the country on green autobody shops.

5. Best Practices

A review of literature on best practices for developing green industrial parks and environmentally responsible operations for autobody shops will inform the feasibility of developing a green auto repair industrial park in the City. Literature on green operations in autobody shops focuses on equipment used, business practices within autobody shops, and training for owners and workers alike.

Air Quality and the Case for Green Industrial Auto Park

Air Quality Impacts of Autobody Shops

All types of automotive maintenance and repair shops use hazardous materials and generate air emissions. Autobody shops are of particular concern because automotive paints and coatings are used and are applied by spraying. The California Air Resources Board (CARB) regards autobody shops as potential sources of air toxics "hot spots" pollution and has included these businesses among the facilities that must be evaluated as potential hot spots.

CARB developed generic health risk assessment methodology for autobody shops, so that air districts could conduct simplified hot spots assessments for these types of facilities. (Available from ARB online at: http://www.arb.ca.gov/ab2588/RRAP-IWRA/AutBody.pdf)

Appendix C of this CARB document lists these toxic air contaminants that are most likely to be emitted by autobody shops in California:

- Cadmium and compounds
- Chromium (Hexavalent)
- Copper and compounds
- Ethylbenzene
- Ethylene glycols
- Isopropanol
- Lead and compounds
- Methanol
- Methylene chloride
- Methyl ethyl ketone
- Methyl isobutyl ketone
- Nickel and compounds
- Propylene glycol monomethyl ether
- Styrene
- Toluene
- Xylenes
- Zinc and compounds

The document includes a sample risk assessment using typical autobody shop emission parameters for stack height and velocity and typical formulas for paints and coatings. This exercise indicates that cancer and noncancerous health risks could be significant in some scenarios:

Figure 5: Summary of Maximum Results of Generic Risk Assessment for a Generic Auto Bodyshop (Rural Basis)

	Exit Scenario		
	Stack	Stack with Raincap	No Booth
Individual Excess Cancer Risk per million	**18**	**270**	**3400**
Chronic Health Hazard Index	0.07	**1.0**	**12**
Acute Health Hazard Index	0.01	0.01	**2.0**

Cancer risks over 10 per million are considered significant in California. Risks are highest for shops without a paint booth. **However, cancer risks are significant in all scenarios.**

Noncancerous health risks to cardiovascular, central and peripheral nerve, immune, reproductive, and respiratory systems are included in the analysis. Chronic and acute health hazard indexes over 1.0 are considered significant. **In this analysis, both chronic and acute health hazards are significant in the No Booth scenario.**

This work dates to the mid-1990's, and auto paint formulas may have changed in ways that lower the risks to people downwind. At the same time, it should be noted that the modeling was done using receptor points from 10 meters to 1000 meters from the source (p. 21). In a neighborhood such as OTNC, homes and sidewalks may be closer than 10 meters (about 33 feet) from industrial emission sources. This is particularly important for exposure to fugitive emissions, which have their peak emission rates within 10 meters of the source.

Health and Air Quality Benefits of Relocation to a Green Industrial Park

First, having a building that is in compliance with regulations means that all spray coating applications occur within a paint booth. As seen from the CARB analysis of a generic autobody shop, cancer and noncancerous risks are higher in shops without paint booths. Spray booths equipped with filters reduce emissions. Emissions from a stack are more evenly dispersed than fugitive emissions.

Second, relocation allows for an increased distance from the nearest residential downwind receptors. In the CARB modeling, increasing the distance to the nearest receptor by a factor of 5, such as from 10 to 50 meters, reduced the risk by 3 to 9 times (depending on which dispersion model is used and whether urban or rural location is assumed).

Additional Benefits that Apply to All Automotive Shops, Not Just Autobody Shops

Relocation to a green industrial park would entail adoption of best management practices and pollution prevention practices that are not required by environmental regulations but would reduce the air emissions and water quality impacts of automotive repair work. Methods such as the following are recommended for auto related businesses and could be required for businesses moving into the new industrial park:

- Use of aqueous cleaners rather than solvent-based cleaners
- Floor cleaning methods such as nonporous floor coatings and hydrophobic mops

Green Autobody Shops

Green business practices focus on using the most up-to-date equipment to minimize the environmental effects of businesses. If any type of public financing is used in the construction of the GIAP, then regulatory covenants would likely be put in place that would require businesses located in the GIAP to employ environmentally friendly business practices.

Selecta Autobody Shop (Bernal Heights, San Francisco)

Selecta Autobody Shop in Bernal Heights, San Francisco, is a green, state-of-the-art collision repair facility that aims to use as much modern equipment as possible to achieve its sustainability goals. The shop's sustainable features serve as a model for other autobody shops interested in developing a "green" site design and engaging in sustainable practices.

Selecta Autobody Shop has adopted the following green features and business practices to make its autobody work more eco-friendly and sustainable:

Interior of Selecta Auto Body with Plants to Maintain Air Quality
Source: http://www.selectaautobody.com/new/

- **Spray Booth:** The shop's spray booth includes a heating system designed to recirculate heated air. The shop has also adopted the use of water-based paints, as required by the city of San Francisco.
- **Air System:** The air turnover system exceeds by 100 percent the requirements implemented by the city of San Francisco to protect those in and around the shop.
- **Detail Shop:** The detail shop uses sustainable products with little or zero VOCs (volatile organic compounds) and contains a drainage system that filters oil and sediment to prevent groundwater contamination.

- **Repair Shop:** The shop uses an advanced dust extraction system by Festool to decrease byproducts from the sanding process. The shop is looking to install solar panels to re-charge battery-operated equipment.
- **Hazardous Material:** The shop utilizes leak-proof containers for storage and disposal of hazardous materials.
- **Lighting:** All window fronts in the shop are made of glass panes to invite as much natural lighting into the shop as possible. Lights within the shop are automatic and motion-sensored to save energy.
- **Electrical System:** The shop updated its electrical system to prevent the overloading of circuits.
- **Plants:** The shop has installed a number of plants throughout the facility to help scrub the carbon dioxide and chemical air pollutants generated by normal business operations. [66]

Selecta Auto Body
Source: http://www.selectaautobody.com/new/

[66] http://www.selectaautobody.com/new/

New York City Case Study: Iron Triangle to Sunrise Cooperative

Since the 1950s, a 12-block, 48-acre site of the 60-acre neighborhood of the Willets Point industrial area of the Queens borough of New York City has been home to over 200 automotive related businesses, waste management facilities, and warehouses.[67] These businesses employ approximately 1,200 people and provide services for every part of a car and all stages of a car's life cycle. This industrial site is known as the Iron Triangle. Here businesses sell, service, or demolish cars and provide many automotive services—including key cutting, glass installation, and chassis alignment. The Iron Triangle has also housed warehouses, waste processing sites, and House of Spices - a restaurant with the largest employment base in the area.

A redevelopment effort launched by the city of New York and the New York City Economic Development Corporation (NYCEDC) is currently in the process of revitalizing the Willets Point neighborhood, including the Iron Triangle. The city has been and currently is in the process of transforming the area for large-scale redevelopment purposes.

In their relocation efforts, many tenants of the Iron Triangle joined forces to establish the Sunrise Cooperative (the Co-op). The Co-op is collectively owned by a group of over 50 business owners who previously occupied the Iron Triangle and whose goal was to identify a new site in which they could reposition themselves together.

The Co-op leased a 144,000-square-foot building set on a 4.9-acre site in the Hunts Point neighborhood of the Bronx borough, with more than 85 percent of the building serving as warehouse space and 15 percent as office space.[68] Because the site is located in a Federal Empowerment Zone, the Co-op was offered many financial incentives to occupy the building.[69] A study of the Iron Triangle refers to the business community as a thriving and "unique regional destination" of automotive related businesses.[70]

Key Takeaways

- The Iron Triangle is an example of a place where automotive related businesses were concentrated in one location as a business community situated away from schools, residential areas, and other sensitive uses. Most of the businesses located in the Iron Triangle were renters.
- Often perceived as unappealing, contaminated and blighted, the Iron Triangle was also a very creative space. Businesses often reused old materials to assemble and create various art pieces throughout the site, such as the use of car lights to create a red mosaic.
- Most of the businesses in the Iron Triangle are small (less than 1,000 square feet) and occupied by Spanish-speaking renters.
- The Co-op is expected to function as a business incubator in Hunts Point. The group's willingness and desire to work collectively to find a new location in which they could situate themselves in close proximity to one another demonstrates the significance of the business community that existed in the Iron Triangle.

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[67] http://www.nydailynews.com/archives/boroughs/city-plans-triangle-article-1.619821
[68] http://www.prweb.com/releases/2014/05/prweb11833464.htm
[69] http://www.nydailynews.com/new-york/queens/willets-bizzes-leave-article-1.1431283
[70] http://www.hunteruap.org/

- A number of auto-related businesses located in the Iron Triangle were constructed from shipping containers, which are a viable option for keeping development costs low for these types of uses.[71]

Aerial View of Iron Triangle
Source: http://www.timesledger.com/stories/2014/3/willetspt_tl_2014_01_17_q.html

Exterior of Shop Made of Shipping Container
Source: http://www.scoutingny.com/visiting-the-apocalypse-in-queens/

[71] http://www.slate.com/blogs/the_eye/2013/11/15/willets_point_queens_iron_triangle_autobody_shops_new_york_city_neighorhood.html

Safe Shops Project (Boston, Massachusetts)

In 2005, the Boston Public Health Commission (BPHC) launched the Safe Shops Project to reduce the occupational and environmental health hazards generated by over 400 auto-related shops within the city of Boston, Massachusetts. A high percentage of these businesses are located in low-income communities of color. As part of this effort, the BPHC collaborated with other organizations and businesses to conduct inspections, in-shop-trainings, outreach, and technical and financial assistance to help businesses comply with regulations, engage in safer practices and use alternative products. In an 18-month period, workers received training to become more knowledgeable of safe practices in auto-related businesses. The project included 132 trainings intended to train 710 workers in the automotive industry. Through trainings and outreach, Safe Shops developed trusting relationships within the auto shop community, resulting in changes to purchasing policies, implementation, and pollution prevention strategies. To share and disseminate information regarding safe and green practices within automotive businesses, BPHC created a Safe Shops Tool Box for Auto Shops (see Appendix E), newsletters, an online safe shops tool kit for communities, and a training video.[72]

Key Takeaways

- A post-training curriculum survey showed improvement in work practices after automotive business owners participated in the Safe Shops Project. Survey metrics included measuring the difference in shop cleanliness, parts storage, and proper labeling of hazardous and waste materials.
- The curriculum led to significant changes in adopting green practices in the workforce and increasing compliance among workers in the automotive industry.
- Changes are occurring at the individual level, but networking among shop owners is leading to community change, as many are interested in the training curriculum for their shops.
- Networking was a strong contributor to the success of the program and the proximity of shops to one another may encourage and facilitate the implementation of safe and green practices for other businesses that wish to implement the Safe Shops Project training curriculum.
- The project found that autobody shop owners are more willing to try and continue to use new chemicals when there is an initial subsidy provided to purchase these chemicals.
- Funding from an Environmental Protection Agency (EPA) grant made it possible for the Boston Public Health Commission to spearhead this project.[73]

In conclusion, Selecta Autobody Shop provides insight on the ways to successfully green auto-related businesses. Further, the Sunrise Cooperative highlights that establishing a cooperative and business cluster bolsters the business' capacity to survive in a competitive market. Finally, the Safe Shops Project in Boston demonstrates that education is key in maintaining safe and clean work practices. Based on the community context and best practices identified in Sections 4 and 5, the following section of this report describes the site opportunities for the GIAP at 2010 Haffley Avenue.

[72] http://www.bphc.org/whatwedo/healthy-homes-environment/safe-shops/Pages/Safe-Shops-Tool-Box-for-Auto-Shops.aspx
[73] http://www.cdc.gov/nceh/ehs/capacitybuilding/Docs/Boston_Safe_Shops_Project.pdf

6. Site Opportunities

Section 6 details the current site conditions of the site as well as the current real estate market.

San Diego Wood Preserving Company

Our feasibility analysis focuses on developing a GIAP on the former site of the SDWPC site, a 1.7 acre or 74,487 square foot industrial brownfield property located at 2010 Haffley Avenue in National City. It should be noted that while this study is site specific, the findings of this study can be utilized as a base study for other sites.

According to an environmental site assessment report produced by E2 ManageTech for the City of National City in 2012, the site was previously tidelands until sometime between 1944 and 1954 when fill material was imported to build the harbor to the west of the site. The site was vacant until the San Diego Wood Preserving Company (SDWPC), a wood-treatment facility, opened in 1978. SDWPC services included treating lumber for lumber companies and power poles for utility companies such as SDG&E and Pacific Bell (now owned by AT&T). The facility was classified as a small quantity generator of hazardous waste.[74]

The wood-treatment facility was owned and operated by SDWPC until it formally ceased operations in 2007. Since 2007, the site has been unoccupied, though many SDWPC operational features and facilities are still present, including a wood-preserving process facility of approximately 3,000 square feet. Former SDWPC operations have been removed from the site.[75]

2010 Haffley Avenue Aerial
Source: Google Earth

Current Ownership

[74] E2 ManageTech, *Phase I Environmental Site Assessment*, May 23, 2012.
[75] E2 ManageTech, *Phase I Environmental Site Assessment*, May 23, 2012.

The site is currently owned by Mr. Gerald Baker, owner and former operator of SDWPC. Mr. Baker is involved with site cleanup alongside the Department of Toxic Substances Control (DTSC).[76] As of October 20, 2014, DTSC is waiting for a draft closure plan to complete its remediation review. SDWPC is closing the drip pads currently on the site. Groundwater monitoring will also be a part of the long term operation and maintenance plan for the site. Following the public notice and approval of the Closure Plan, a Remedial Design document will be submitted to DTSC for review and approval. The site is expected to be for commercial/industrial use only.[77] Mr. Baker intends to sell the property once the site has been cleaned. It should be noted that estimating remediation costs is beyond the scope of this report.

Current Uses of Adjacent Properties

The current uses of adjacent properties at the time of publication are presented in Figure 6, below. Based on the current uses of adjacent properties, it appears that developing the GIAP would be compatible with the area's neighboring uses. While Caliber Collision, an autobody repair shop, is located directly across the street from the site, there is no significant competition for other auto-related businesses. Based on our interviews, a competition free site is preferred by tenants.

Figure 6: Current Uses of Adjacent Properties

Direction from Site	Address	Tenant Company	Notes
North	1010 W. 19th Street	Q.E.D. Systems	Engineering/IT Services Firm
South	2100 Haffley Avenue	Univar	Chemical Distribution Company
East	2013 Haffley Avenue	Caliber Collision	Autobody Repair
West	-	-	Railroad Tracks and Tidelands Avenue

[76] E2 ManageTech, Phase I Environmental Site Assessment, May 23, 2012.
[77] Violeta Mislang, Department of Toxic Substances Control, October 20, 2014.

Current Uses of Adjacent Properties
Source: Google Earth

Estimated Market Value

Based on local area sale comparables (Figure 7), we estimate that the fair market value for 2010 Haffley Avenue is approximately $1,042,818 or $14 per square foot of land. This is under the assumption that the site is ready for new construction activity. Specifically, the valuation assumes that the site is clean, free of equipment, and any other conditions that would require demolition and clearance activity (e.g., removal of concrete basins).

Figure 7: Summary of Industrial Sale Comparables in National City as of October 2014[78]

Address	Sale Date	Building SF	Land Area	Sale Price	Price/SF (Building)	Land Price	Price/SF (Land)
1010 W. 19th Street	8/15/2013	40,000	98,881	$3,000,000	$75	$1,321,586	$13
2011-2013 Haffley Avenue	12/28/2011	146,700	267,023	$14,500,000	$99	$2,365,416	$9
2300 Haffley Avenue	11/29/2007	27,113	89,734	$4,000,000	$148	$1,941,748	$22
2011-2013 Haffley Avenue	4/1/2005	146,700	267,023	$11,625,000	$79	$1,896,411	$7

Infrastructure Requirements

Required infrastructure for developing the GIAP should be consistent with general light industrial properties. Water, electricity, data, and sanitary sewer are the primary infrastructure requirements, while storm sewer capacity is less important because of the environmental requirements of treating all waste water on site and then directing it to the sanitary sewer. Roadway widths also need to be sufficient to accommodate tow truck maneuvering and truck deliveries. Due to prior use of the site, we assume that the site contains the necessary infrastructure required for development.

Market Assessment

Lease Rates

Industrial building lease rates in National City vary significantly based on the location, size, age, and quality of space. As shown in Figure 8, lease rates for industrial spaces used for auto purposes range from $0.59 to $0.72 per square foot in National City. Lease rates for general industrial warehouse and distribution use range on average from $0.76 to $0.77 per square foot. It should be noted that there is space currently vacant across the street from the receiver site at 2011 Haffley Avenue. This space is 22,195 square feet with an asking rate of $0.68 per square feet or $15,093 a month.

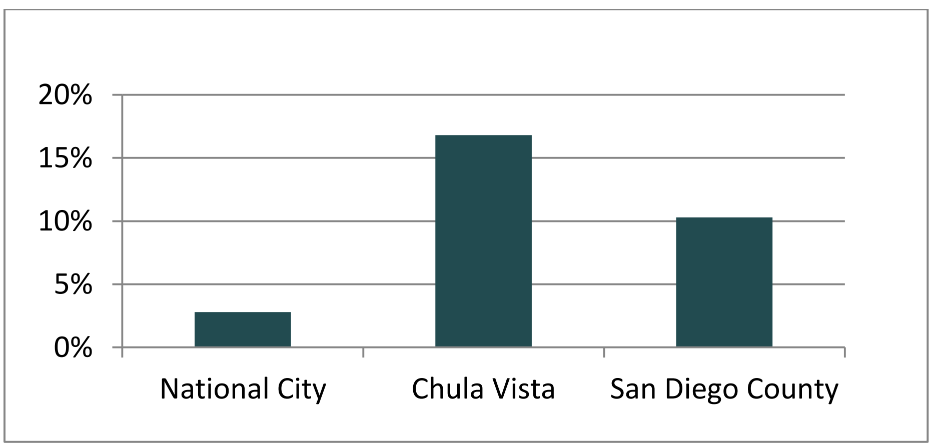
[78] *CoStar Group, Cassidy Turley*

Figure 8: Summary of Industrial Lease Rates in National City as of October 2014[79]

Address	Leasable SF	Price/SF	Monthly Rent	Notes
1339 Hoover Avenue	3,000 SF	$0.72	$2,750	Industrial – Auto
1640 Hoover Avenue	4,000 SF	$0.65	$2,600	Industrial – Auto
1616 West Avenue	12,000 SF	$0.59	$7,080	Industrial – Auto
2011 Haffley Avenue	22,195 SF	$0.68	$15,093	Industrial – Auto. Across the street from receiver site
CoStar Group Market Report	Various	$0.76	-	Industrial – Warehouse & Distribution Users
Cassidy Turley Market Report	Various	$0.77	-	Industrial – Warehouse & Distribution Users

Overall, National City's industrial space availability is limited. As shown in Figure 9, the availability rate in National City as of 3Q14 is 2.8%. This is beneficial for the GIAP because a vacancy or availability rate of 5% or less is considered a good developer and operator market. In other words, there is a limited supply of available space, making the GIAP a valued product for tenants in search of space in National City. In comparison, the availability rates in Chula Vista and San Diego County are 16.8% and 10.3%, respectively.[80] The next section of this report uses the real estate data highlighted within this section to develop site assumptions for the GIAP.

Figure 9: Industrial Space Availability as of 3Q14[81]



[79] *CoStar Group, Cassidy Turley*
[80] *CoStar Group, Cassidy Turley*
[81] *CoStar Group, Cassidy Turley*

7. Scheme Definitions

Section 7 details the proposed site design schemes.

Site and Entitlement Analysis

Figure 10, below, highlights the pertinent site and zoning information for the project.

Figure 10: Site and Entitlement Analysis[82]

Site and Entitlement Analysis Overview	
Site Address	2010 Haffley Avenue, National City, CA 91950
APN/Parcel ID	559-040-51-00
Census Tract	115001049
Site Dimensions	243'x307'
Square Footage (SF)	74,488
Site Acreage	1.71
Zoning	**MM-CZ, Industrial Medium (IM) Zone** The IM Medium Industrial zone is designed to provide for the development of medium manufacturing and industrial uses that operate without excessive noise, dust, odor or other nuisances and yet may be objectionable to other non-industrial uses
Minimum Lot Area Per Facility	7,500 SF
Minimum Street Frontage	100'
Minimum Setbacks	Street: 10' Other: 0
Parking	1 space per 500 square feet of floor area
Maximum Height	60' and 4 stories
Maximum Floor Area Ratio	2
Maximum Lot Coverage	80%
City Planning Contacts	Mike Fellows, Planning Technician National City, Planning Department mfellows@nationalcityca.gov 619.336.4421 Martin Reeder, Principal Planner National City, Planning Department mreeder@nationalcityca.gov 619.336.4313

[82] *National City Municipal Code* §18.22.030, 18.25.040

Revisiting Schemes from the 2008 Study

As highlighted in Section 2, the EPS team conceptualized four non-site specific auto industrial facilities that are based on two operational types. The first operational type is a traditional lease and ownership structure in which all tenants maintain and upgrade their own space. The second operational type is characterized by a cooperative enterprise in which an operator leases work bays in a large managed facility and shares other facilities on site such as prep booths, spray booths, and parts storage.[83] Furthermore, the EPS team also tested layout schemes for both single and multiple story facilities. Figure 11 outlines the four design schemes from the study. Overall, the study found that Scheme 2A would be the most feasible out of the four design scenarios on the basis that it would require the least amount of gap funding and allow the developer to earn a 10 percent return on costs.[84] Site design illustrations from the 2008 study can be found in Appendix F.

Figure 11: National City Harbor District – Summary of Design Schemes[85]

Scenario	Land SF	Gross Building SF	Leasable Shop Space	# of Tenant Spaces	SF per User
Scheme 1A Conventional 1-Story	104,400	63,121	58,177	12	4,848
Scheme 1B Conventional 2-Story	59,160	63,121	58,177	12	4,848
Scheme 2A Shared Facilities 1-Story	138,100	87,662	87,662	18	4,870
Scheme 2B Shared Facilities 2-Story	101,504	102,751	102,751	18	5,708

[83] *National City Industrial Park Feasibility Analysis, Final Report,* June 19, 2008, page 14.
[84] *National City Industrial Park Feasibility Analysis, Final Report,* June 19, 2008, page 28.
[85] *National City Industrial Park Feasibility Analysis, Final Report,* June 19, 2008, Appendix – A2

Revised Schemes

To build upon the 2008 study, we created two design schemes for the GIAP that are scaled to fit and follow 2010 Haffley Avenue's site dimensions and zoning requirements. The following two design schemes are described further below. The financial feasibility of each scheme is discussed in Section 8 – Development Analysis and Recommendations.

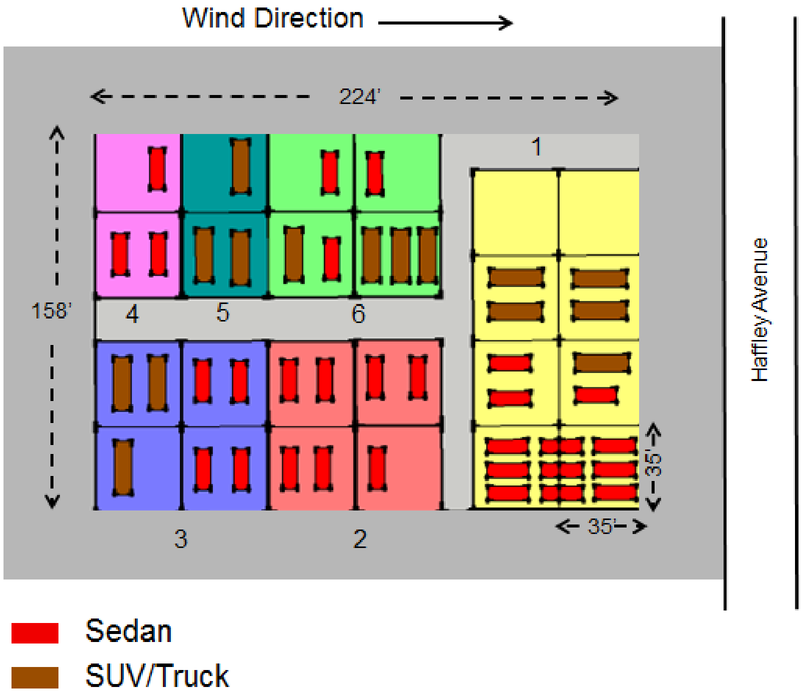
Scheme 1: No Shared Customer Space

Scheme 1 is based on a traditional industrial multi-tenant design standard in which each operator owns or leases their own space and does not share any customer space or common area between businesses. This design scheme is consistent with many existing auto repair and maintenance facilities on the OTNC.

The overall site is 74,448 square feet with 29,400 square feet of tenant space. Under our proposed design, there are six tenant spaces, with a larger tenant space of 9,800 square feet fronting Haffley Avenue. Smaller tenant spaces ranging from 2,450 square feet to 4,900 square feet are placed on the back of the site. Each work bay is 35 feet wide and 35 feet deep, which allows for the storage of three cars wide (see Figure 12).

Based on our interviews, we strategically designed the site to promote business compatibility. Specifically, based on wind direction, we placed debris-producing auto businesses (e.g., body repair shops) in front of the site facing Haffley Avenue to prevent disturbances between other businesses.

Figure 12: Scheme 1 – No Shared Customer Space



Space #	Total SF	Type of Auto Shop
1	9,800 SF	Body Repair
2	4,900 SF	Mechanic
3	4,900 SF	Tire
4	2,450 SF	Detailing
5	2,450 SF	Muffler
6	4,900 SF	Smog
Total	**29,400 SF**	

Many auto-related businesses in OTNC currently have lot sizes smaller than 7,500 square feet. It is important to note that under National City's current zoning code, vehicle, repair, and service shops are required to have a minimum of 7,500 square feet of lot area.[86] Based on the presented space dimensions for scheme 1, four out of six spaces meet the required 7,500 square feet lot area requirement by right (see Figure 13). However, based on discussion with National City planning staff on November 3rd, 2014, the project can seek a zoning code amendment to allow for spaces that are smaller than 7,500 square feet.

[86] *National City Municipal Code* § 18.22.030

Figure 13: Space Breakdown for Scheme 1 – No Shared Customer Space

Space	Direct SF	% of Total Direct SF	Interior Circulation SF	Parking and Setbacks SF	Total SF	Required SF[87]	Space Surplus/Deficit
Label	A	B	C	D	E=A+C+D	F	G=E-F
1	9,800	33.3%	1,997	13,019	24,816	7,500	17,316
2	4,900	16.7%	999	6,509	12,408	7,500	4,908
3	4,900	16.7%	999	6,509	12,408	7,500	4,908
4	2,450	8.3%	499	3,255	6,204	7,500	(1,296)
5	2,450	8.3%	499	3,255	6,204	7,500	(1,296)
6	4,900	16.7%	999	6,509	12,408	7,500	4,908
Total	**29,400**	**100.0%**	**5,992**	**39,056**	**74,448**	**45,000**	**29,448**

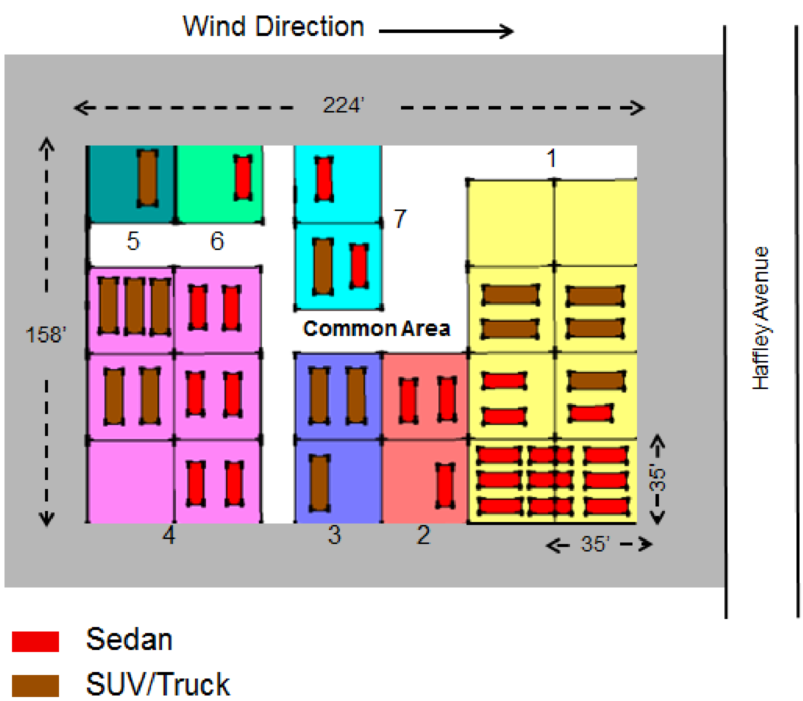
[87] *National City Municipal Code* § 18.22.030

Scheme 2: Shared Common Area for Customers

Scheme 2 is characterized by its shared common area between operators. Within this scheme, individual operators would lease or purchase space and share a common area for customers. The common area would include a waiting room, bank of restrooms, and vending machines.

Similar to scheme 1, the overall site for scheme 2 is 74,448 square feet. There are 26,950 square feet of tenant space and 8,442 square feet of common area including circulation. Under this design configuration, there is more variation between space sizes than in scheme 1. Specifically, spaces range from 1,225 square feet to 9,800 square feet. Each work bay is 35 feet wide and 35 feet deep, which allows for the storage of three cars wide (see Figure 14). Like scheme 1, scheme 2 considers business compatibility and places debris producing businesses in front of the site facing Haffley Avenue to prevent disturbances between businesses.

Figure 14: Scheme 2 - Shared Common Area for Customers



Space #	Total SF	Type of Auto Shop
1	9,800 SF	Body Repair
2	2,450 SF	Glass
3	2,450 SF	Upholstery
4	7,350 SF	Mechanic
5	1,225 SF	Detailing
6	1,225 SF	Muffler
7	2,450 SF	Smog
Total	**26,950 SF**	

As previously noted in scheme 1, National City's current zoning code, vehicle, repair, or service shops are required to have a minimum of 7,500 square feet of lot area.[88] Based on the presented space dimensions for scheme 2, two out of seven spaces meet the required 7,500 square feet lot area requirement by right (see Figure 15). Like scheme 1, this scheme can also seek a zoning code amendment to allow for smaller tenant spaces. Based on the type of review and approval process the city decides to pursue for the project, seeking a code amendment can cost up to $6,577.

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[88] *National City Municipal Code* § 18.22.030

Figure 15: Space Breakdown for Scheme 2 – Shared Common Area for Customers

Space	Direct SF	% of Total Direct SF	Interior Circulation and Common Area SF	Parking and Setbacks SF	Total SF	Required SF[89]	Space Surplus/Deficit
Label	**A**	**B**	**C**	**D**	**E=A+C+D**	**F**	**G=E-F**
1	9,800	36.4%	3,070	14,202	27,072	7,500	19,572
2	2,450	9.1%	767	3,551	6,768	7,500	(732)
3	2,450	9.1%	767	3,551	6,768	7,500	(732)
4	7,350	27.3%	2,302	10,652	20,304	7,500	12,804
5	1,225	4.5%	384	1,775	3,384	7,500	(4,116)
6	1,225	4.5%	384	1,775	3,384	7,500	(4,116)
7	2,450	9.1%	767	3,551	6,768	7,500	(732)
Total	**26,950**	**100.0%**	**8,442**	**39,056**	**74,448**	**52,500**	**21,948**

The following section of this report provides a development analysis and recommendations for the GIAP. It uses the design assumptions and real estate market data provided in this and the previous section for its analysis.

[89] *National City Municipal Code* § 18.22.030

8. Development Analysis and Recommendations

Financial Feasibility Analysis

Our overall conclusion is that it is reasonable to assume that in today's regulatory and economic environment that this project can be constructed. This end of this section provides a development budget and preliminary financing plan to bring the project to fruition.

Financial Feasibility Analysis Process

The financial feasibility for each of the two design scenarios was put through a development analysis. To recap, both had a total of 35,392 square feet of building space but different levels of rentable and non-rental common area space. The key difference in the financial models is the amount of income that can be generated off of the rental income. Because there is a significant financing gap, we focused on the design scheme with less common area. Through analyzing the SDWPC, we found that the project can be developed at a site of its size. The proforma analysis has the following components:

- Executive Summary
- Financing Assumptions
- Loan Amortization Schedules
- Development Budget (By User Group)
- Development Budget (Detailed Line Item Analysis)
- Cash Flow Analysis

Overview of the Development Budget and Financing Assumptions

The development budget constructed and summarized in this section is conservative so as not to underestimate the costs of building the project. We have provided allowances and contingencies for the high cost budget items that will require 3rd party verification in the next stage of budget refinement such as the construction hard costs.

The assumptions in the cash flow analysis regarding rents and expenses have been carefully researched and documented, and the site plan assumptions have been validated through conversations with the National City staff.

The private financing sources of $2.43 million have been forecast in a conservative manner as well and to date comprise about a little over 40% of the total permanent financing for the project; depending on a variety of factors including persistence of the low-interest rate borrowing environment and calculation of number of jobs to be generated by the development of this project, the private financing sources could increase substantially.

- The assumptions on the permanent debt at 6% interest, 60% loan to value, and a 30 year term are reasonable in today's economic climate. Interest rates are lower but this is a unique asset and so we have been cautious.

- The assumption of EB-5 financing at just $500,000 is cautious. EB-5 investment funds are generally structured as a low-interest, 5 to 8 year loan. Utilization of EB-5 funds is incumbent on showing the creation of a minimum of 10 new jobs. Depending on how this is calculated, and whether it includes construction and permanent jobs, the funding amount could fluctuate upward to $1,000,000.
- The new market tax credit equity is calculated based on standard industry underwriting guidelines and pricing.

At this time, the public sources to be identified to complete the project comprise about $3.8 million or 59% of the project. There are a variety of high probability sources that can be secured complete the financing plan. The public policy and public financing trends are focused on creating sustainable communities including creating economic development strategies. We anticipate that new programs will come to the forefront in the next few years that will fund this type of innovative environmental and economic development project. An exhaustive list of federal, state and regional sources has been provided in Appendix G that can be explored to fill this gap; however, detailed below are some of the best candidates to be pursued.

- Federal
  - U.S. Department of Commerce Economic Development Administration (EDA) – See Funding Source 10 in Appendix G
    - In particular, the Economic Development Assistance Program funds construction, neo-construction and revolving loan funds in economically distressed areas to create jobs, leverage private capital, encourage economic development for increased global competitiveness. EDA favors new ideas and creative approaches to address rapidly evolving economic conditions. In addition to economically distressed communities, an investment priority is projects that promote job creation and economic prosperity through enhancing environmental quality and developing and implementing green products, processes, places, and buildings as part of the green economy. This includes support for energy-efficient green technologies. For example, EDA states specifically that it "might provide funding to a city to support the construction of a publically-owned multi-tenant business and industrial facility to house early-stage businesses."

- State of California
  - California Infrastructure and Economic Development Bank -- See Funding Source 16 in Appendix G
    - The Infrastructure State Revolving Fund (ISRF) Program provides financing to public agencies and non-profit corporations for a wide variety of infrastructure and economic development projects. ISRF Program funding is available in amounts ranging from $50,000 to $25,000,000, with loan terms of up to 30 years. Interest rates are set on a monthly basis. Financing applications are continuously accepted.

  - Affordable Housing and Sustainable Communities (AHSC) – (*aka* "Cap and Trade") - See Funding Source 17 in Appendix G

        - Approximately 60% of the money being collected is not yet earmarked for specific uses. The first RFPs are coming out in 2015 and although this project would not be eligible in the early funding rounds which are focused on linking housing and transportation, the Cap and Trade program is in its infancy, and economic development strategies have not yet been addressed.

- Regional and Local
    - Community Development Block Grant (CDBG) – Capital Improvement Program – See Funding Source 15 in Appendix G
        - CDBG is a federal funding source administered by local governments. CDBG Grant funds are provided by U.S. Department of Housing and Urban Development (HUD) to cities and counties to improve housing and economic development opportunities in low-income communities. Cities can choose to spend these funds for brownfield site assessment, remediation, agency oversight costs, legal support, and other expenses related to economic development of sites in qualifying census tracts. The CDBG program also funds Capital Improvement Projects, including low-income housing, infrastructure, and public facilities for safety, health or homeless populations.

Development Uses and Sources

Figure 16, below, shows a high level roll up of the total development costs. The total development costs come to $183/SF. The costs are preliminary estimates and meant to be conservative, meaning there is potential for the budget to go down. The next steps in refining the budget for this particular site would be to meet with a third-party construction cost estimator to get better estimates on the hard costs, and to further develop the financing plan (both construction and permanent sources) in order to better estimate the financing transaction costs. This deeper analysis and refinement of the costs can be done in a subsequent scope of work, and would entail utilizing a third-party cost estimator that would be a sub-consultant to the financial consultant.

Figure 16: Total Development Costs

Development Uses	Total
Acquisition	$1,116,085
Off-Site Improvements:	$148,975
Site Work:	$372,438
New Construction	3,338,745
Architecture	167,694
Green Design Features[90]	TBD
Survey and Engineering	92,622
Permits and Fees	54,039
Predev and Acquisition Financing	In soft costs
Construction Financing	In soft costs
Permanent Financing	80,000
Legal Fees	In soft costs
Reserves	53,269
Sinking Fund (All Buildings):	TBD
Reports	23,000
Soft Costs	316,100
Developer Costs	450,000
Syndication Costs	275,000
Total Uses:	**$6,487,967**

Development Sources	Assumptions	Total
Permanent Amortizing Debt	6% interest; <60% LTV; 30 year term	$847,917
EB-5 Interest-Only Balloon Debt	3% interest only; 8 year term	$500,000
New Market Tax Credit Equity	Estimated net payment of 20% of eligible basis; acceptable industry guesstimate; price estimated at $1.00 per $1.00 of NMTC credit available.	$1,089,028
Public Sources to be pursued	We have provided an exhaustive list of federal, state and regional sources that can be explored to fill the gap; high probability sources have been detailed above	$3,801,022
Total Uses:		**$6,487,967**

[90] The detailed costs of greening the GIAP occurs in the design and development cost refinement phase.

Key Assumptions

In general, key assumptions are embedded in a detailed proforma analysis that will be provided under separate cover, and the key assumptions regarding financing are listed in Figure 15 and in Appendix G: Gap Financing Opportunities.

Key Income Assumptions

- Rental Income: As discussed in the Site Opportunities Section, we summarized the estimated land acquisition costs and the market rents on a per square foot basis. This information was included in the proforma analysis.

- We have assumed that based on market information the rent of $0.75/sf is the rent for the actual rentable square footage. After netting out operating expenses and real estate taxes, this results in a net income per rentable/sf of $0.25 which doesn't provide sufficient cash flow to service much private debt. At this rent structure, the private amortizing debt is 13% of the total development costs (also expressed as 13% of the capital stack).

- Operating Expenses: We have utilized the industry high level estimate for operating expenses at $0.25/sf/month. We have assumed real estate taxes on top of this at 1.025% of value.

- We have assumed industry level asset management fees for the new market tax credit investor and the development owner.

- A 15-year cash flow is attached to this report (See Appendix H).

Gap Funding Options

As previously discussed, gap financing will be required to feasibly implement any of the development options. Appendix G: Gap Funding Opportunities provides an updated overview of gap funding options including information related to award amounts, leverage, eligibility and timing. Research was conducted in October and November 2014 focusing primarily on FY 2015 grants or low-interest loans currently offered by federal, state and county agencies. The availability of these funding sources is subject to change depending upon whether the governing entities approve appropriations for them. Similarly, new programs may emerge each year, so it is advisable to re-check public funding information annually.

Timeline

A reasonably conservative analysis would be to assume that it will take 12 to 36 months to procure all of the needed financing, to get the sources and uses budgets in alignment and to close the transaction and commence construction. Actual construction should take 12 to 18 months depending on the amount of site clean-up and on- and off-site infrastructure work that must be addressed.

Industrial Park Ownership and Management Options

There are three evident ownership options at this point in the preliminary planning this project. Because the project is not financially feasible as a straight market transaction (meaning that it doesn't pencil out financially for a conventional debt and equity financing strategy), the financing structure is likely to dictate the ownership and management structure.

There are three ownership structures that may prove workable:

1) Rental Structure: Project to be owned by the development entity for the long-term, with the autobody spaces being provided as rental spaces to tenants. The development entity will likely be a for-profit, but the city and/or a non-profit may need to be part of the transaction to secure some of the financing sources that may be available.

2) Private Party Ownership: As outlined above but with an option to convert to autobody shop condominium ownership structure after exit of the new market tax credit partner. This is a seven year investment structure. The current development owner could then opt to sell the whole complex or sell off business condominiums to the current or new owners. Such a structure should be planned for during the development planning phase and should be factored into the financial structuring of the transaction.

3) Business condominium ownership from the onset: Although it doesn't seem feasible at this time, further exploration of developing the project as business condominiums can be undertaken as more work is done on the project financing sources.

Industrial Park Management: Management will likely be done by the owner/developer who will either hire a property management company, or will own and operate the project. It is possible that the owner will be an autobody shop operator who occupies a part of the premises and rents out the remainder to tenants.

9. Conclusions and Recommendations

Conclusions

Much work has been done through this feasibility study to move the green industrial autobody park concept forward. From the autobody shop community, we have learned more about how they view co-location. We know the development capacity and approximate value of the receiver site once the remediation work has been completed.

Through analyzing the SDWPC, we found that the project can be developed at the site in today's regulatory and economic environment. We have a high level development budget that will need further refinement based on third-party cost estimator consultation. We have a concept design plan that now needs to be reviewed and moved forward by an architectural firm with knowledge of this product type.

We have a reasonable financing plan with approximately 40% of the financing coming from private sources, and 60% to come from public and philanthropic sources. We have identified a wide variety of federal, state and regional resources that can be further explored to fill the gap. Further, preliminary research has been completed on the sources, and they have been mapped on a 24 month rolling matrix.

Recommendations

This report provides a detailed analysis of how we can create a solution in National City that seeks to both preserve locally-owned, small auto-repair businesses and provide for the environmental and health needs of a low-income residential community. The analysis preliminarily confirms the GIAP economic feasibility in today's regulatory and economic environment. It provides a site analysis, development budget and preliminary financing plan to bring the project to fruition.

Following review and acceptance of this report and its findings, we recommend the following:

1. Create a dedicated nonprofit entity with a board composed of the stakeholder partners, inclusive of representatives of the National City government, the auto-repair businesses, the community residents and their advocates, and local stakeholders such as the Chamber of Commerce. Establishing an ownership entity, specifically a nonprofit, will be critical in receiving seed money, government and philanthropic grants for predevelopment expenditures. A nonprofit can solicit and receive funding to build, own and operate this project until such time that ownership might be transferred to the auto-repair business occupants.

2. Secure a mix of public and private predevelopment funding sources to further initial project planning and feasibility.

3. The total development costs come to $183/SF. The costs are preliminary estimates and meant to be conservative, meaning there is potential for the budget to go down. The next steps in refining the budget for this particular site would be to meet with a third-party construction cost estimator to get better estimates on the hard costs, and to further develop the financing plan (both construction and permanent sources) to get closer to transaction costs. This deeper

analysis and refinement would entail utilizing a third-party cost estimator that would be a sub-consultant to the financial consultant.

4. Current zoning code requires vehicle, repair, or service shops to have a minimum of 7,500 square feet of lot area. The next step should be to speak with the City Planning Department to determine if a code amendment is feasible.

10. Appendices

Appendix A: Interview List

Appendix B: Sample Regulations

Appendix C: Discussion of Economic and Regulatory Changes Since 2008

Appendix D: Stakeholder Group Meetings

Appendix E: Boston Public Health Commission – Safe Shops Tool Box for Auto Shops

Appendix F: Site Designs from 2008 Study

Appendix G: Gap Funding Options

Appendix H: Cash Flow Analysis

Appendix A: Interview List

1. **Greenwald's Autobody and Frame Works**
   1814 Roosevelt Avenue, National City, CA 91950
   Interview Date: June 3, 2014, October 22, 2014

2. **Glenn's Body Shop**
   2855 A Avenue, National City, CA 91950
   Interview Date: June 4, 2014, October 22, 2014

3. **Los Turbos Transmission**
   1411 Coolidge Avenue, National City, CA 91950
   Interview Date: June 9, 2014

4. **Dante's Modular Performance**
   1635 Coolidge Avenue, National City, CA 91950
   Interview Date: June 17, 2014, October 22, 2014

5. **Motor Works**
   1625 Coolidge Avenue, National City, CA 91950
   Interview Date: June 17, 2014, October 22, 2014

6. **Reliable Spring & Suspension**
   225 W. 16th Street, National City, CA 91950
   Interview Date: June 17, 2014

7. **Dr. Auto Tech**
   600 Pacific Hwy, Hermosa Beach, CA, 90254
   Interview Date: June 26, 2014

8. **San Diego Auto Detail**
   110 W. 11th Street, National City, CA, 91950
   Interview Date: October 20, 2014

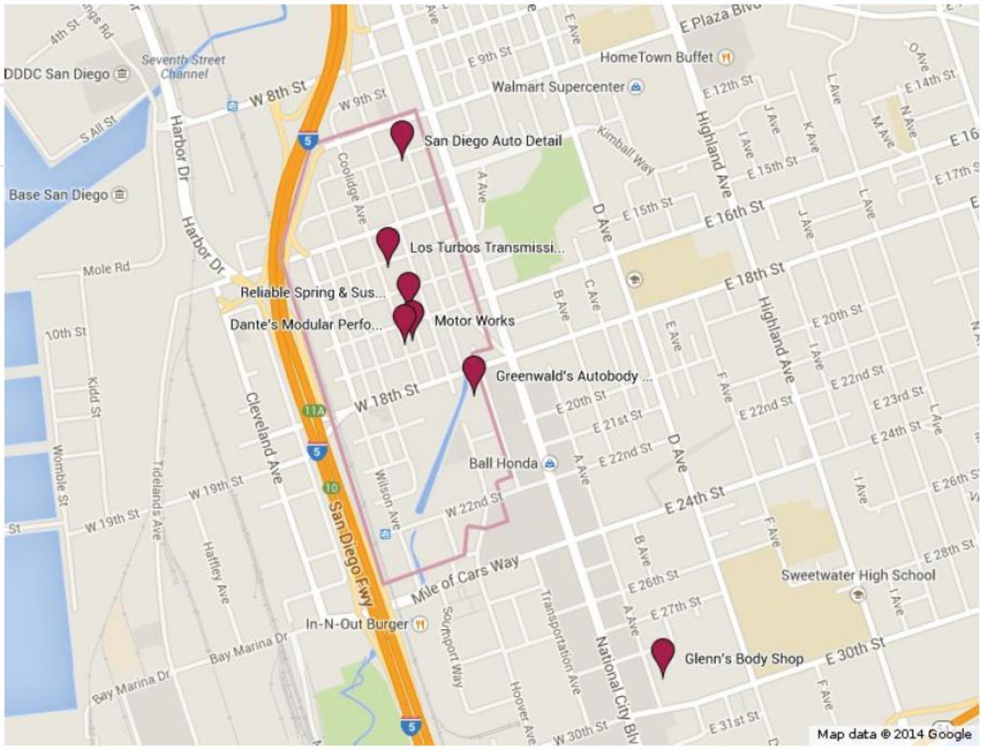
EHC Interview List (National City)

Westside National City

National City - Westside

EHC Appendix A Interview List.xlsx

All items



Appendix B: Sample Regulations

Federal and State

- US EPA General Industrial Storm Water Permit is required for facilities that conduct vehicle maintenance, such as automotive repair shops. The requirements for permitting are determined by SIC code for an industrial facility. The permit is required by the US EPA, but can be acquired from state and regional water protection agencies. If a site requires a permit, it will also be required to develop and implement a Storm Water Pollution Prevention Plan (SWPPP).[91]
- Hazardous materials at an auto repair facility are regulated if they exceed:
  - 55 gallons for liquids
  - 500 pounds for solids
  - 200 cubic feet for gases[92]
- Hazardous waste requirements vary based on the volume of waste generated by a facility. If less than 100 Kg (total) per month of waste is generated then a facility is a Conditionally-Exempt Small Quantity Generator.[93]
- In 2008, the US EPA adopted a rule pertinent to Collision Repair related businesses. The autobody rule outlines the required procedures, training, equipment, and structures for the coating and painting of cars.[94] Adopted in 2008, this rule specifically relates to Paint Stripping and surface area coating operations for area sources of hazardous air pollutants. The EPA shares information on this rule with other resources under its Collision Repair Campaign, indicating that there is growing concern around the environmental impacts of the auto repair shops.
- 6H ruling – Toxic Air Contaminants are a point of concern for air pollution related to the auto repair industry. Currently, San Diego County does not have a stronger, local ruling as this is a newly introduced regulation.

County

- Certified Unified Program Agency (CUPA) – offers a single point of contact for hazardous material management. San Diego County has a CUPA that was established in 1996, combining the work of six agencies.[95]
- In San Diego, the CUPA is the Department of Environmental Health's Hazardous Materials Division. The powers of a CUPA are exercised through this body.
- Municipal Separate Storm Sewer System (MS4) Permit: issued by a regional board, this permit allows for specific pollutants to be discharged into the storm drain systems that connect to local streams, coastal lagoons, and the Ocean. The Regional Board for San Diego includes San Diego, Orange, and Riverside Counties.[96] In 2013 there was a transition from

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[91] http://www.waterresources.saccounty.net/stormwater/documents/industrial-BMP-manual.pdf
[92] Margarita Mogollon, San Diego Department of Environmental Health, presentation on Vehicle Service and Repair Overview and Introduction
[93] Margarita Mogollon, San Diego Department of Environmental Health, presentation on Vehicle Service and Repair Overview and Introduction
[94]http://yosemite.epa.gov/R10/AIRPAGE.NSF/2e05db8cf25423a288257544006c527a/e449c80643ff22fe8825753f00008132/$FILE/Summary%20of%20AutoBody.pdf
[95] http://www.sdcounty.ca.gov/deh/hazmat/hmd_cupa.html
[96] http://www.waterboards.ca.gov/sandiego/water_issues/programs/stormwater/faq.shtml

paper submission of compliance paperwork to the CUPA to a new online system. Facilities that keep or use hazardous materials on site are required to provide business information via California Environmental Reporting System (CERS), an online portal to report on environmental compliance. The forms that facilities are required to report on include:

  - Unified Program Facility Permit
  - Hazardous Materials Business Plan (HMBP)
  - Hazardous Waste
  - Hazardous Waste Onsite Treatment
  - Hazardous Waste Tank Closures
  - Remote Waste Consolidation
  - Recyclable Materials Reports
  - Underground Storage Tanks (UST)
  - Aboveground petroleum storage over 1,320 gallons (APSA/SPCC)[97]

- A Unified Program Facility Permit is required from the County if hazardous materials over a set quantity are stored on-site at any time during the year. However, if any quantity of hazardous waste is produced, then the permit is required for the facility.[98]
- Common onsite Hazardous Waste Violations
- VOCs (volatile organic compounds) are of main concern at the localized level
- Key Air Quality pollution prevention statutes and regulations include Rule 67.6.1; Rule 67.17; and Rule 67.20.1.[99]
  - 67.6.1: Cold Solvent Cleaning and Stripping Operations
  - 67.17: Open Containers
  - 67.20.1: Motor Vehicle Coating Operations

City

- All businesses in National City are required to implement BMPs under the Jurisdictional Urban Runoff Management Program (JURMP).[100]
- National City provides a Resource Sheet for Auto Repair Shops on BMPs for urban runoff[101]
- National City developed a guideline for designing Autobody Shops[102]
- In terms of hazardous materials, National City code defers to San Diego County's ordinances. In addition to adopting select ordinances related to disclosure, storage, and disposal, the County is also the enforcing agency relied upon by National City.[103]
- For the protection of storm water quality and the management of pollutant discharge, facilities conducting certain types of activity are required to implement additional structural BMPs. These additional requirements are outlined under the industrial category. [104]
- 18.30.060 of the Specific Use Regulations: Autobody and paint shops have restricted hours of operation based on their location (adjoining a residential building or not). Additionally, auto shop operations must take place entirely within a building.

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[97] http://www.sdcounty.ca.gov/deh/hazmat/hmd_automotive.html

[98] Margarita Mogollon, San Diego Department of Environmental Health, presentation on Vehicle Service and Repair Overview and Introduction

[99] Eric Luther, San Diego Air Pollution Control District, presentation of Motor Vehicle Service Repair Compliance Workshop

[100] http://www.nationalcityca.gov/Modules/ShowDocument.aspx?documentid=4723

[101] https://www.casqa.org/sites/default/files/BMPHandbooks/SC-22.pdf

[102] http://www.nationalcityca.gov/index.aspx?page=167

[103] https://library.municode.com/HTML/16516/level3/SUHITA_TIT9HESA_CH9.40DIHAMAREHAWAESADCEUNPRAGHAMAINREPL.html

[104] National City Municipal Code, 14.22https://library.municode.com/HTML/16516/level3/SUHITA_TIT14WASE_CH14.22STWAMADICO.html

Appendix C: Discussion of Economic and Regulatory Changes Since 2008

The Great Recession of 2007-2009 and the dissolution of redevelopment agencies (RDAs) in 2011 fundamentally altered the financial and regulatory environment in which municipalities undertake development project such as the GIAP. Combined, these two events significantly reduced the funding sources and policy tools available to clean-up and provide gap financing for the redevelopment of contaminated properties.

The dissolution of redevelopment agencies eliminated one of the most powerful and effective tools available to California municipalities for financing projects such as the GIAP. In National City, as in other municipalities across the country, the Great Recession pushed the City to the limit of its financial capacity, greatly diminishing its ability and willingness to issue new bonds backed by the general fund. With the dissolution of RDAs, cities lost the ability to capture a substantial share of property taxes for redevelopment projects ($5.5 billion in 2011[105]). In response, legislators have explored various policy options for restocking the local financing toolbox. One option, which enhanced an existing mechanism called an infrastructure financing district (IFD) to act more like the old redevelopment system, was enacted in September 2014[106]. However, at time of publication of this study, it is too soon to assess the effectiveness of IFDs as a replacement tax increment funding vehicle.

In addition to the loss of traditional financing mechanisms, the dissolution of redevelopment agencies also called into question RDAs' authority to expedite the cleanup of contaminated properties. Enacted in 1990, the Polanco Redevelopment Act provided RDAs with tools to facilitate and, if necessary, order the cleanup of hazardous substances in the area of a redevelopment project. With RDAs dissolved, the authority of redevelopment successor agencies or local governments to use the Polanco Act to cleanup and acquire contaminated properties and force property owners to bear the remediation costs[107] was unclear. The California Legislature passed Assembly Bill 440[108] in late 2013 to clear up this legal limbo. The bill largely transfers the authority granted to RDAs under the Polanco Act to local governments and housing authorities[109] and accounts for some differences between RDAs and local agencies. However, as with IFDs, it is too soon to evaluate the effectiveness of AB 440.

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[105] Schulman, M. "California Without Redevelopment Monies: The Ethical Issues." *Santa Clara University.* Markkula Center for Applied Ethics. N.d. Web. 23 July 2014. <http://www.scu.edu/ethics/practicing/focusareas/government_ethics/roundtable/redevelopment.html>
[106] SB 628 (Beal, D-San Jose), AB 229 (Pérez, D-Los Angeles), AB 2292 (Bonta, D-Oakland), SB 614 (Wolk, D-Davis)
[107] http://www.brownandwinters.com/articles/law-reporter-sept2003.php
[108] http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB440
[109] http://www.paulhastings.com/docs/default-source/PDFs/stay-current---the-polanco-act's-second-act-assembly-bill-440.pdf

Appendix D: Stakeholder Group Meetings

Meeting #1, May 28, 2014
2727 Hoover Ave #202, National City, CA 91950
6:00pm – 8:00pm

The purpose of the meeting was to build the stakeholder group by introducing the GIAP project to community residents, autobody shop owners, businesses, civic leaders, and interested parties. The consultants and EHC provided the group with an overview of the project and the roles and responsibilities of the stakeholder group. The group was also given the opportunity to raise questions and/or concerns, which revolved around four key concepts:

1. Concerns over the cost of relocating autobody shops on the amortization list and opportunities for providing relocation assistance to businesses with limited resources.
2. Concerns over the merging of compliant and non-compliant autobody shops. From a business perspective, non-compliant shops can offer services at a lower cost, which may draw more business than compliant shops, as they must increase their costs to perform greener, more sustainable activities. Therefore, the GIAP would need to ensure that businesses are in compliance.
3. Concern over the size of the 1.7 acre site selected for this GIAP study and its capacity to hold a large number of autobody shops in the area.
4. The importance implementing a training component of placing multiple autobody shops in one location and building a new culture of sustainability in autobody shops.

Industry Tour, July 15, 2014
5:30pm-8:00pm
Motor Works: 41 E. 18th Street, National City, CA 91950
Greenwald's Autobody and Frameworks: 1814 Roosevelt Avenue, National City, CA 91950
San Diego Wood Preserving Company (SDWPC): 2010 Haffley Avenue, National City, CA, 91950

The purpose of the industry tour was to provide community residents and stakeholders with the opportunity to connect with owners of automotive shops and understand the challenges and opportunities present in the in the industry. The group visited Motor Works (a shop that focuses on car engine work) and Greenwald's Autobody and Frameworks (a shop that focuses on collision repairs). Finally, the stakeholder group visited the SDWPC—the proposed receiver site for the developing a GIAP in the City—to give the stakeholder group an opportunity to better understand where the GIAP would be located and what the site size and layout might look like.

Meeting #2, October 7, 2014
2727 Hoover Ave #202, National City, CA 91950
6:00pm – 8:00pm

The purpose of the meeting was to provide the stakeholder group with a shared understanding on the real estate development process as it relates to executing the financial feasibility study. The group was also given the opportunity to raise questions and/or concerns, which revolved around three key concepts:

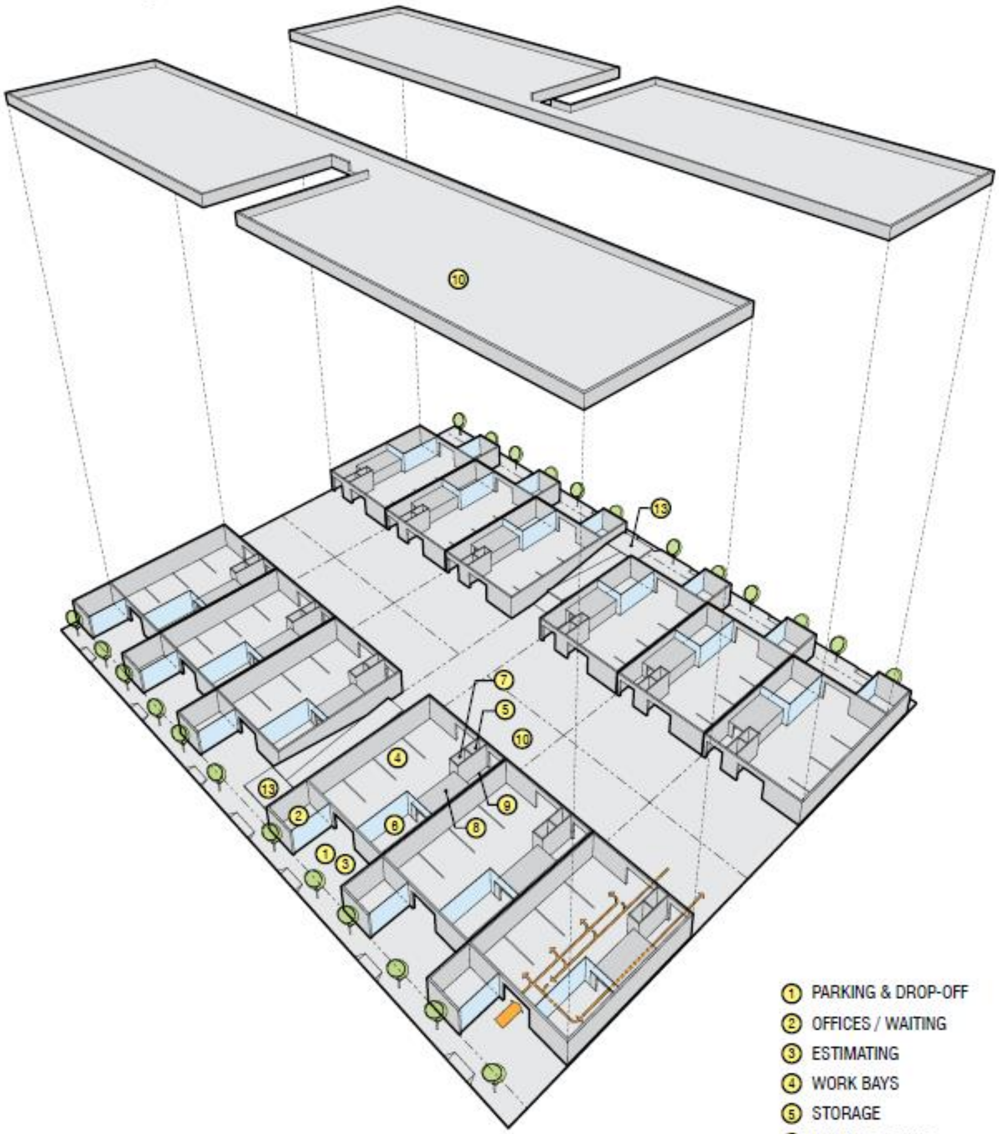
1. Validating tenant space size and tenant mix, including shared resources/amenities for shared customer space.
2. Concerns over ownership structures and determining appropriate rent and mortgage payment rates for local business owners.
3. The availability of gap financing opportunities, particularly subsidies and resources that can help economically fragile businesses.

Appendix E: Boston Public Health Commission – Safe Shops Tool Box for Auto Shops

Appendix F: Site Designs from 2008 Study

Figure 3

Scheme 1A Exploded View



1. PARKING & DROP-OFF
2. OFFICES / WAITING
3. ESTIMATING
4. WORK BAYS
5. STORAGE
6. SANDING / PREP
7. PAINT MIXING
8. SPRAY BOOTHS
9. DETAILING
10. PARKING / VEHICLE STORAGE
11. TOW TRUCK DROP-OFF
12. FINISHED VEHICLE PICK-UP
13. RAMP

Figure 7
Scheme 1B Exploded View

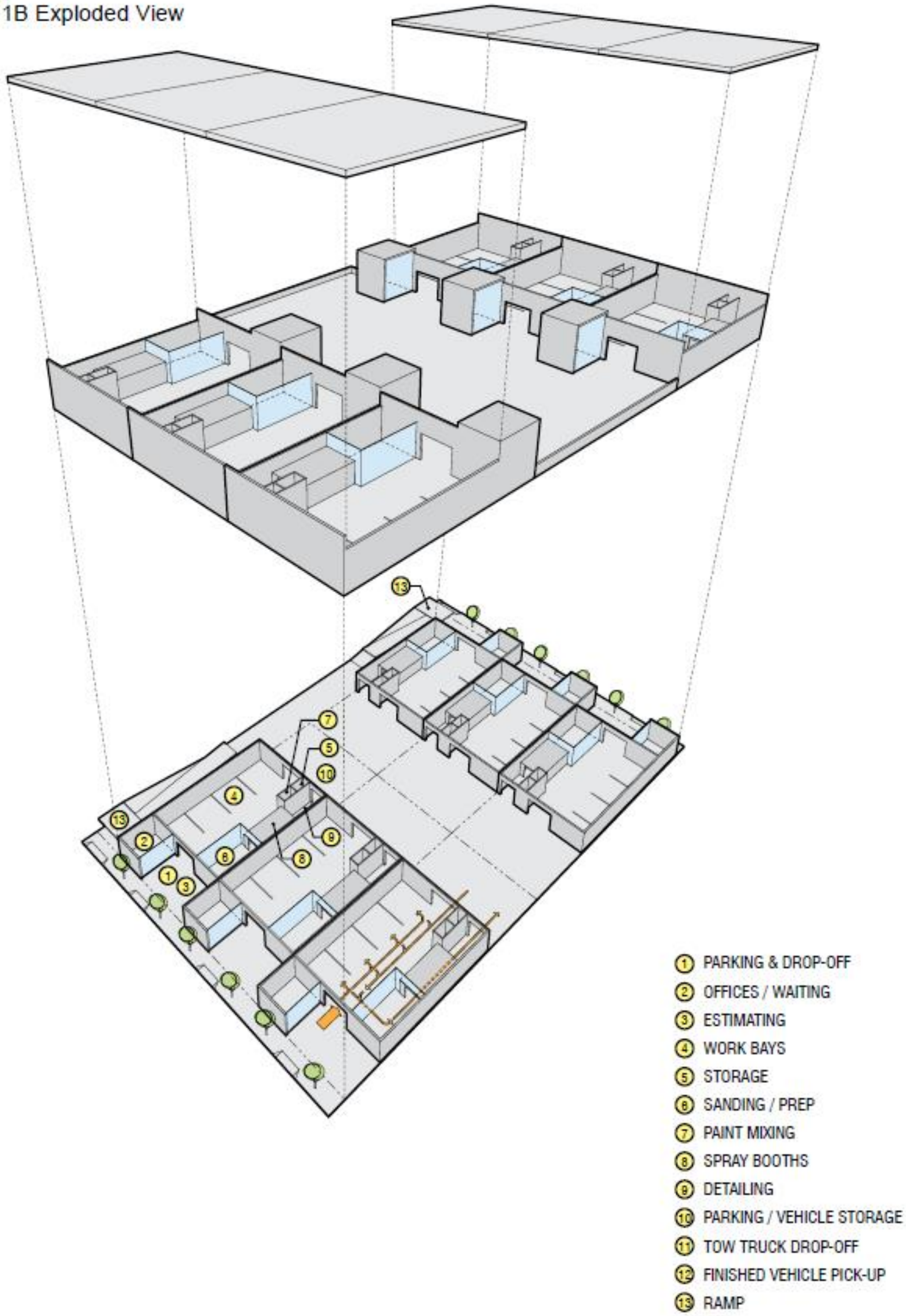
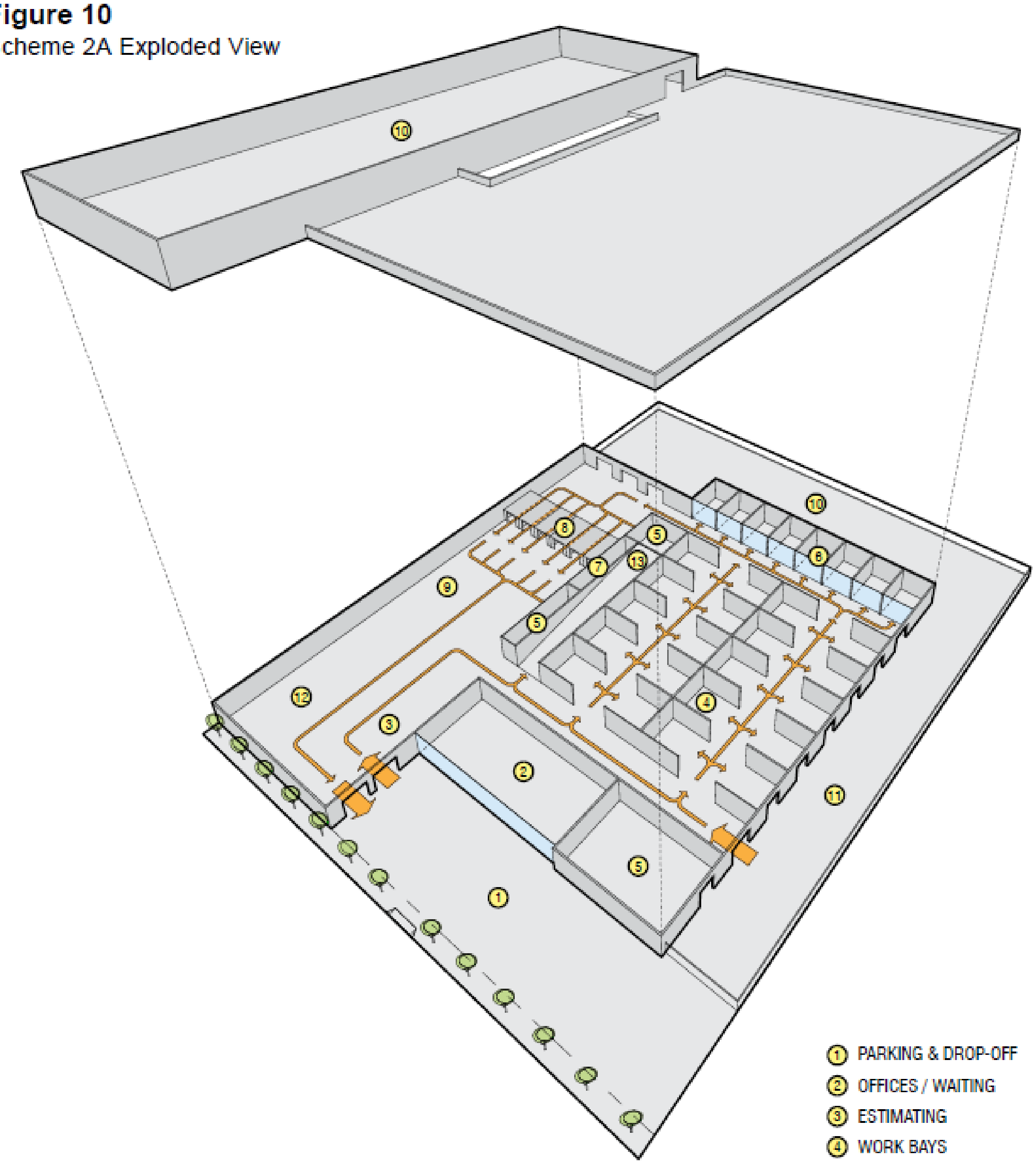
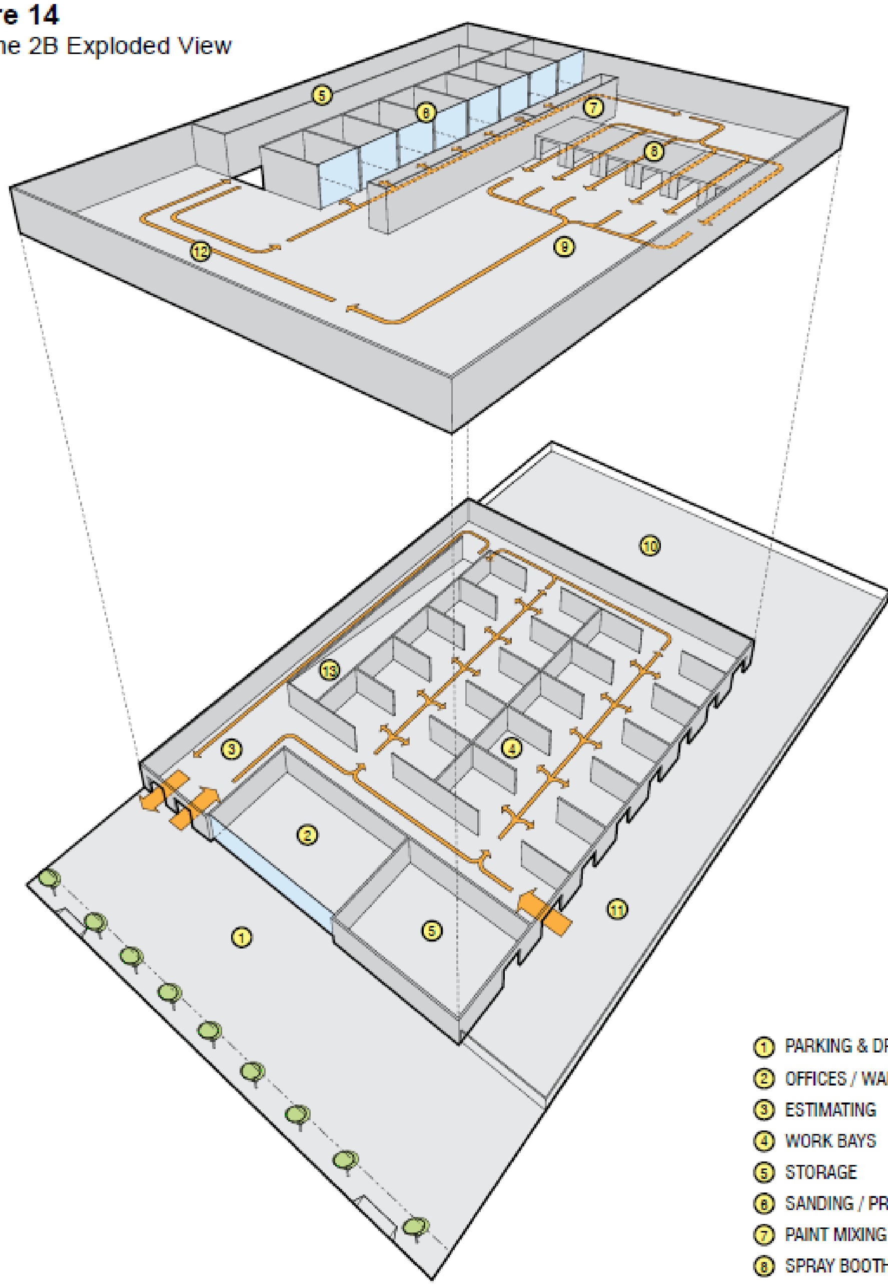


Figure 10
Scheme 2A Exploded View



1. PARKING & DROP-OFF
2. OFFICES / WAITING
3. ESTIMATING
4. WORK BAYS
5. STORAGE
6. SANDING / PREP
7. PAINT MIXING
8. SPRAY BOOTHS
9. DETAILING
10. PARKING / VEHICLE STORAGE
11. TOW TRUCK DROP-OFF
12. FINISHED VEHICLE PICK-UP
13. RAMP

Figure 14
Scheme 2B Exploded View



Appendix G: Gap Funding Opportunities

(Information collected in October and November 2014)

As noted in the 2008 National City Harbor District Park Feasibility Study, public investment of funds will be required to supplement private investment to realize the development of the Harbor District Industrial Park. To provide an updated overview of gap funding options, research was conducted in October 2014 focusing primarily on FY 2015 grants or low-interest loans currently offered by federal, state and county agencies. The availability of these funding sources is subject to change depending upon whether the governing entities approve appropriations for them. Similarly, new programs may emerge each year, so it is advisable to re-check public funding information annually.

The resources research and presented in this appendix are presented by the potential funding opportunity categories below. A chart of gap funding opportunities was created for each category describing available programs, funding type (grant or loan) and amount, timing factors and contact information. The table below summarizes these categories and their location in this document.

Federal Financing Programs

Federal financing programs that can be used and considered for the GIAP are the following:

- U.S. Small Business Administration (varies based on credit) – these funds, via the banks that provide them, may be able to be used for part of the development financing, but more likely will be useful to the autobody shop businesses to help them with the costs of equipment purchases when they move.
- EB-5 Financing ($500,000 -$1,000,000 generally structured as a low-interest loan. Individual investments are possible but not recommended for this transaction.[110]

Both sources of financing are made available through specific financing entities such as banks with SBA lending programs and Regional Centers that are the intermediaries between the EB-5 investors and the investment opportunities.

Tax Credits

- New Market Tax Credits –"The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period."111

Brownfields Assessments and Remediation

The primary sources of funding for pre-remediation activities (inventory, assessments, feasibility studies, work plan development based on alternative cleanup strategies and costs, cleanup of the contaminated site) are the U.S. Environmental Protection Agency, CalEPA and the State of California Department of Toxic Substances Control (DTSC). These are summarized below:

- U.S. EPA: Targeted Brownfields Assessment (TBA), which funds consultants directly; Brownfields Assessments and Revolving Loan Fund (RLF) for cities; Brownfields Cleanup Grants ($400,000 to $600,000)
- State: CalReUSE (forgivable loans); DTSC Targeted Site Investigation (TSI), Brownfield Cleanup Revolving Loan Fund (loans and subgrants); CalEPA/State Water Resources Control

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[110] The most recent information available on investment structures is from 2012. For a brief description of the Loan Model versus the Equity Model, see this article: http://juliaparklaweb5.blogspot.com/2012/01/loan-model-vs-equity-model-eb-5.html

[111] US Department of the Treasury, Community Development Financial Institutions Fund. http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5

Board Orphan Site Cleanup Fund and Underground Storage Tank Cleanup grants (dollar amount varies on loans/ reimbursement grants)

Except for RLF and TBA funds, which are continuously open for applicants depending on available funds, the timing to submit requests for funding for assessments typically occurs in spring or summer annually. Cleanup grant applications require completion of assessments and a work plan to be considered "project ready" for funding. Assessments usually take 4 to 6 months per site to complete. Multiple sites (clusters) may be studied under one grant.

Total funding identified for assessments: \$200,000 to \$400,000 (est.)
Total funding identified for cleanup: \$400,000 to \$1 million (est.)

Land Reuse Planning, Pollution Prevention and Community Involvement

The key providers of grants for large-scale projects requiring community involvement in land reuse visioning, planning and acceptance of development strategies are:

- U.S. EPA: Brownfields Area-Wide Planning Program ($200,000); Source Reduction Assistance Grant ($10,000 to $147,000); Water Quality and Infrastructure Improvements (Pollution Prevention and Water Conservation -- varies
- U.S. Department of Commerce Economic Development Administration (EDA): Planning and Technical Assistance Program ($70,000); Regional Innovation Grants ($3 million)
- Caltrans: Sustainable Communities Planning Grant ($300,000)
- SANDAG: Transnet Smart Growth Incentive Funds ($400,000)
- San Diego Foundation: Environmental Programs grants ($25,000)
- Smart Growth Funders Network: Partners for Places grant ($75,000)

These funding opportunities require a large-scale project/area-wide approach. Some encourage the formation of a consortium involving at least one public agency (city) partner and often a philanthropic partner, as well as nonprofit organizations, businesses, and community residents. Larger grants represent funding for multi-year projects (2 years).

Total funding identified for collective land use planning/community involvement: $4,292,000. Pollution prevention: millions of dollars in no-interest loans and grants.

Workforce and job training (environmental)

The U.S. EPA offers an Environmental Workforce Development and Job Training Grant annually that will provide up to $200,000 per year over 3 years. The purpose of the grant is for areas with a large number of brownfields to create environmental skills training (water and soil testing, monitoring, HAZMAT safety, waste removal and handling) and job opportunities for local residents (30 to 60 trainees per year). Performance requires a partnership with a certified environmental training organization. Technical skills training programs may also be funded under U.S. Department of Labor grants (e.g., DOLETA), in partnership with the San Diego Workforce Partnership, and State Employment Training Agency (ETA). (These are not included on the Funding Opportunities Chart.)

Economic and community development capital grants and loans (transit oriented development and sustainable communities infrastructure)

Capital grants and low-interest loans (via bonds) are available from these entities:

- Economic Development Administration (EDA): Economic Development Assistance Program (Up to $3 million)
- HUD Community Development Block Grants (Varies; up to $2 million)
- SANDAG Transit Smart Growth Incentive Capital Grants ($2 million)
- California infrastructure and Economic Development Bank (I-Bank) – ($50,000 to $25 million as loans)

- Strategic Resources Council – Housing and Community Development Affordable Housing and Sustainable Communities Grants and Loans for infrastructure (amounts vary; anticipate up to $3 million per city project awarded)

Total funding identified for economic development capital projects: $35,000,000.

Environmental Projects Research and Evaluation

- Pew Charitable Trusts, Robert Woods Johnson and The California Endowment: Health Impact Assessments ($75,000)
- San Diego Foundation -- Environmental Programs ($25,000)

FEDERAL FINANCING PROGRAMS

Funding Opportunity 1	
Type:	Federal
Categories:	Federal Financing Programs
Entity:	U.S. Small Business Administration
Name:	7(a) Loan Program
Applicability:	SBA funding can provide additional resources for GIAP tenants. SBA generally does not specify what businesses are eligible. Rather, the agency outlines what businesses are not eligible. However, there are some universally applicable requirements. To be eligible for assistance, businesses must: • Operate for profit • Be small, as defined by SBA • Be engaged in, or propose to do business in, the United States or its possessions • Have reasonable invested equity • Use alternative financial resources, including personal assets, before seeking financial assistance • Be able to demonstrate a need for the loan proceeds • Use the funds for a sound business purpose • Not be delinquent on any existing debt obligations to the U.S. government
Action Steps:	Explore interested tenants and eligibility.
Description:	**SBA's Role** SBA provides a number of financial assistance programs for small businesses that have been specifically designed to meet key financing needs, including debt financing, surety bonds, and equity financing. **Guaranteed Loan Programs (Debt Financing)** SBA does not make direct loans to small businesses. Rather, SBA sets the guidelines for loans, which are then made by its partners (lenders, community development organizations, and microlending institutions). The SBA guarantees that these loans will be repaid, thus eliminating some of the risk to the lending partners. So when a business applies for an SBA loan, it is actually applying for a commercial loan, structured according to SBA requirements with an SBA guaranty. SBA-guaranteed loans may not be made to a small business if the borrower has access to other financing on reasonable terms. SBA loan guaranty requirements and practices can change as the Government alters its fiscal policy and priorities to meet current economic conditions. Therefore, you can't rely on past policy when seeking assistance in today's market.
Award Amount:	Up to $5,000,000
Required Leverage:	--

	Businesses must meet SBA size standards ($7.5 million or less in annual receipts) and use the funds for a sound business purpose.
Non-Eligible	Financial businesses primarily engaged in lending, government owned entities, etc. See http://www.sba.gov/content/7a-loan-program-eligibility
Deadline:	Open – subject to funding availability
Timing:	Open
Website:	http://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans Contact: http://www.sba.gov/about-sba/what_we_do/contact_sba **Juliane Talley** Lead Business Development Specialist 619-727-4870 Juliane.Talley@sba.gov **Maria Hughes** Lender Relations Specialist 619-727-4871 Maria.Hughes@sba.gov

Funding Opportunity 2	
Type:	Federal
Categories:	Federal Financing Programs
Entity:	U.S. Citizenship and Immigration Services (USCIS)
Name:	EB-5 Immigrant Investor
Applicability:	The EB-5 program is a potential source for gap funding, after other funding sources are in place.
Action Steps:	Explore viability and interested investors.
Description:	Under federal law, 10,000 immigrant visas per year are available to qualified individuals seeking permanent resident status on the basis of their engagement in a new commercial enterprise. This visa program is popularly called the EB-5 visa program. Permanent resident status based on EB-5 eligibility might be available to investors who have invested – or are actively in the process of investing – at least $1,000,000 into a new commercial enterprise that they have established. A new commercial enterprise includes: the creation of an original business, the purchase of an existing business and restructuring or reorganizing the business to the extent that a new commercial enterprise results, or expanding upon an existing business. An applicant seeking status as an immigrant investor must demonstrate that his/her investment will benefit the United States economy and create full-time employment for no fewer than ten qualified individuals, or maintain the number of existing employees in a "troubled business." If the investment in a new commercial enterprise is made in a Targeted Employment Area (TEA), the required investment is decreased to the $500,000 investment level. A TEA is either a "high unemployment area" in an urban setting (being part of a metropolitan statistical area) that has experienced an unemployment rate of at least 150 percent of the national average rate or a "rural area." Applicants to the EB-5 visa program must demonstrate that they meet all requirements of the program prior to filing with the U.S. Citizenship and Immigration Service (USCIS). If it is determined that the investment criteria is met and properly documented, an investor may be granted conditional permanent residence status for a period of two years. At the end of the conditional period a permanent green card may be issued. An investor may apply for U.S. citizenship five years after the initial grant of conditional permanent residence.
Award Amount:	$500,000 - $1,000,000+ The award amount is based on the number of jobs the project creates. $500,000 (must create 10 new direct full-time jobs) $1,000,000 (must create 20 jobs, at least 10 must be direct full-time)
Required Leverage:	Project must show solid financials, returns, and diverse funding streams (i.e., the project cannot be solely funded with EB-5 dollars).

Eligibility:	Commercial enterprise engaged in for-profit activities
Non-Eligible	Non-profit entities or individuals.
Deadline:	Open – subject to funding availability
Timing:	
Website:	http://www.business.ca.gov/International/EB5Program.aspx http://www.uscis.gov/working-united-states/permanent-workers/employment-based-immigration-fifth-preference-eb-5/eb-5-immigrant-investor-process http://www.sdregional.com/ Contact: EB5info@gov.ca.gov Brenda Doyle, Principal San Diego Regional Investment Center bdoyle@sdregional.com

TAX CREDITS

Funding Opportunity 3	
Type:	Federal
Categories:	Tax Credits
Entity:	Organizations with allocations of New Market Tax Credits are certified as a Community Development Entity (CDE). They have applied for and received funds from Community Development Financial Institutions Fund (CDFI) of the U.S. Department of the Treasury (DOT). A CDE is a "domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in Low-Income Communities (LICs)." Organizations with allocations that can provide investments in National City will be identified.
Name:	New Market Tax Credits (NMTC)
Applicability:	Directly applicable; NMTC equity investments are focused on non-residential development in qualified areas.
Action Steps:	Explore viability with other sources under exploration; identify interested investors.
Description:	The NMTC Program is an economic development tool that attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs).
Award Amount:	Since the NMTC Program's inception, the CDFI Fund has made 836 awards allocating a total of $40 billion in tax credit authority to CDEs through a competitive application process. This $40 billion includes $3 billion in Recovery Act Awards and $1 billion of special allocation authority to be used for the recovery and redevelopment of the Gulf Opportunity Zone.
Required Leverage:	New Market Tax Credits total 39 percent of the original investment amount and are claimed over a period of seven years (five percent for each of the first three years and six percent for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period.
Eligibility:	Eligibility is based on projects being Qualified Active Low Income Community Businesses (QALICBs). Qualified means the business is a corporation "engaged in the active conduct of a qualified business that is not part of the excluded businesses list." To be active, a business must be profit motivated with revenues in the last three years or nonprofit and providing services within the last three years. Low income communities are census tracts where the poverty rate is over 20% in the community or area median income is less than 80% of statewide or metropolitan area median income. Novogradac Consulting provides and interactive tool to assist in determining low income community program eligibility located here: http://www.novoco.com/new_markets/resources/map2_popup.php For mixed use projects, the owner would have to split ownership of commercial uses from residential uses or the nonresidential revenue needs to be 20% or greater of the total project gross revenue.

	For QALICBs: • NMTC's should be less than 20% of the total capital stack • Total capital costs of $8 million or greater (including the land cost) • 100% commercial is preferred but mixed use is accepted
Non-Eligible	Areas that do not meet the QALICB threshold requirements.
Deadline:	Not really applicable to an end recipient of NMTC investment.
Timing:	On June 5, 2014 the Treasury announced $3.5 billion in NMTCs. For CDEs, the relevant timeline is as follows • Release of NOAA and Application Materials: August 5, 2014 • Submission of CDE Certification Application: August 22, 2014 • Online Submission of Allocation Application: October 1, 2014 • Submission of Subsidiary CDE Certification Application: October 1, 2014 • Online Submission of Application Attachments: October 3, 2014 • Prior Allocatees' Issuance of Qualified Equity Investments: January 30, 2015 • 2014 NMTC Program Awards Announced: Spring 2015 For the end recipient of funding, this means that more NMTCs will be available in 2015.
Website:	Watch: http://www.civicsd.com/economic-development/rfps-a-rfqs/rfps-a-rfqs.html Contact Information: Michael Lengyel Civic San Diego 619-533-7158

BROWNFIELDS

ASSESSMENTS AND

REMEDIATION

Funding Opportunity 4	
Type:	Federal
Categories:	Brownfield Assessment
Entity:	U.S. Environmental Protection Agency (EPA)
Name:	Targeted Brownfields Assessments (TBA) Program
Applicability:	The TBA program can provide additional resources for assessments of a complex site or multiple sites in an area using pre-approved environmental services consultants.
Action Steps:	Contact the Region 9 Brownfields office to discuss the potential need and scope for a TBA grant if additional or multiple Phase 1 or Phase 2 studies are required.
Description:	The TBA program is designed to help municipalities minimize the uncertainties associated with brownfields that have redevelopment potential. TBAs supplement and work with other efforts under EPA's Brownfield Program to promote the cleanup and redevelopment of brownfields. Assistance is available through two sources: directly from EPA through the EPA Regional Brownfield Office (Region 9) and from state response program offices receiving funding under Subtitle C of the law. The program can fund Phase 1 and 2 studies and remediation feasibility studies.
Award Amount:	Varies – funding is often provided directly to consultants pre-selected by EPA for local site assessments.
Required Leverage:	None required.
Eligibility:	States; municipalities (primary)
Non-Eligible	Nonprofits or other entities may be the beneficiaries of technical assistance from EPA Regional or funded state or municipal agencies.
Deadline:	Open – subject to funding availability
Timing:	NOFAs are usually released in the fall of each year.
Website:	www.epa.gov/brownfields/grant_info/tba.htm Contact for Information: Noemi Emeric-Ford, Lead Brownfields Coordinator, Region 9 (213) 244-1821 Email: emeric-ford.noemi@epa.gov Nicole Moutoux, Brownfields and Site Assessment Section Chief (415) 972-3012 Moutoux.Nicole@epa.gov U.S. EPA Region 9 Mail Code SFD-6-1 75 Hawthorne Street San Francisco, CA 94105

Funding Opportunity 5	
Type:	Federal
Categories:	Brownfield Assessments (and Revolving Loan Funds)
Entity:	U.S. EPA
Name:	Brownfield Area-Wide Assessment Program
Applicability:	The city of National City and/or a Coalition formed to address wide scale redevelopment within the Mile of Cars or Harbor District Industrial Park corridor would be able to use this funding as a resource for planning remediation and building community stakeholders' understanding of the extent of existing property contamination and cleanup approaches.
Action Steps:	Explore this funding resource with the City as an option for conducting Phase 1 and Phase 2 (soil sampling), as well as feasibility studies for remediation on an area-wide scale. Property owners and prospective developers must be outreached to and engaged as partners rather than adversaries.
Description:	Funding may be used to inventory, assess, conducting planning and community involvement activities related to brownfield sites.
Award Amount:	Applicants may apply for $200,000 to $350,000 to address hazardous substances sites, plus another $200,000 to $350,000 to address petroleum sites. Up to $700,000 per applicant over 3 years. ($1 million for Assessment Coalitions of 3 partners with a minimum of 5 sites.)
Required Leverage:	None required.
Eligibility:	State and local governments (cities) including coalitions with local government agency as lead.
Non-Eligible	Nonprofits; businesses
Deadline:	January 2015 (estimated)
Timing:	The City must be ready to apply for and, if awarded, administer a multi-year/multi-site project that may involve several partners.
Website:	www.epa.gov/brownfields/grant_info/tba.htm Contact for Information: Noemi Emeric-Ford, Lead Brownfields Coordinator, Region 9 (213) 244-1821 Email: emeric-ford.noemi@epa.gov Nicole Moutoux, Brownfields and Site Assessment Section Chief (415) 972-3012 Moutoux.Nicole@epa.gov U.S. EPA Region 9 Mail Code SFD-6-1 75 Hawthorne Street San Francisco, CA 94105

Funding Opportunity 6	
Type:	Federal
Categories:	Brownfield Cleanup
Entity:	U.S. EPA
Name:	Brownfields Cleanup Grants
Applicability:	The city of National City or EHC can look into this grant if it purchases a site that needs remediation.
Action Steps:	For a targeted property, a Phase 1 and Phase 2 study must be completed no more than 6 months in advance of requesting EPA Cleanup funds. Due Diligence to determine liability for contamination must also be demonstrated by the site owner. The site cannot be a CERCLA or Superfund site.
Description:	EPA cleanup grants may be used to address sites contaminated by petroleum and hazardous substances and pollutants.
Award Amount:	$200,000 over 3 years per site. Up to $600,000 for 3 sites.
Required Leverage:	20% match is required. A waiver of the 20 percent cost share may be requested based on hardship.
Eligibility:	Cities; nonprofits. Applicant must own the property.
Non-Eligible	Limited Liability Corporations; for-profit businesses.
Deadline:	January 2015 (est.)
Timing:	This is an annual funding opportunity, with Requests for Proposals
Website:	www.epa.gov/brownfields Contact for Information: Noemi Emeric-Ford, Lead Brownfields Coordinator, Region 9 (213) 244-1821 Email: emeric-ford.noemi@epa.gov

Funding Opportunity 7	
Type:	State
Categories:	Brownfield Assessment
Entity:	Department of Toxic Substances Control (DTSC)
Name:	Targeted Site Investigation (TSI) Program
Applicability:	The TSI program supplements and/or expedites assessment and planning (inventories, Phase 1 and Phase 2 studies, cleanup plans) for sites with redevelopment potential. TSI funds have been used to inventory and assess auto repair, plating, dry cleaning and other establishments.
Action Steps:	Track availability of funds in 2015 and beyond.
Description:	The TSI selects sites through a competitive process to receive funding for environmental investigation services. For selected sites, DTSC oversees the investigation and develops a report at no cost to the applicant. The goal of the program is to facilitate the redevelopment planning and reuse of brownfields.
Award Amount:	Varies; no direct awards to applicants, EPA screens, selects and pays qualified consultants directly. (This process saves the applicant grant administration costs.)
Required Leverage:	None required.
Eligibility:	Nonprofit organizations; Local and regional units of government, Environmental Justice Communities
Non-Eligible	For-profit entities
Deadline:	July 2015
Timing:	
Website:	www.dtsc.ca.gov/SiteCleanup/Brownfields/Loans_Grants.cfm Contact for information: Maryam Tasnif-Abbasi (714) 484-5489 Maryam.tasnif-abbasi@dtsc.ca.gov

Funding Opportunity 8	
Type:	State
Categories:	Brownfield Remediation (Cleanup)
Entity:	CalEPA & Department of Toxic Substances Control (DTSC)
Name:	Brownfields Revolving Loan Fund (RLF)
Applicability:	Funds may be used for site cleanup, community involvement, and reuse planning.
Action Steps:	The DTSC Revolving Loan Fund may be explored as a resource after assessments and a cleanup work plan is developed for the contaminated site to determine the need for supplemental or more rapidly available funding.
Description:	The DTSC RLF established a Revolving Loan Fund provides loans and subgrants for cleanup and reuse planning of brownfields.
Award Amount:	For RLF granted agencies, up to $1 million with $1 million for each consortium member. Low interest loans to subapplicants vary; in some cases, a subgrant or combined loan/grant may be awarded ($200,000).
Required Leverage:	20% cost share for 5 years.
Eligibility:	Developers, businesses, schools, and local governments, nonprofits, community development corporations, private property owners (loans only).
Non-Eligible	Parties that caused the contamination or are related to the entity that caused the contamination.
Deadline:	Continuous, subject to funds availability
Timing:	Depending on the amount of funds left (first come, first serve), the RLF loans and subgrants are available on an open/continuous basis.
Website:	www.dtsc.ca.gov/SiteCleanup/Brownfields/Loans_Grants.cfm Maryam Tasnif-Abbasi (714) 484-5489 Maryam.Tasnif-Abbasi@dtsc.ca.gov

Funding Opportunity 9	
Type:	State
Categories:	Brownfield Remediation
Entity:	CalEPA/State Water Resources Control Board (SWRCB)
Name:	Orphan Site Cleanup Fund (OSCF); Underground Storage Tank Cleanup
Applicability:	This is a potential resource for small businesses that are future tenants of the Harbor District Industrial Park or prospective buyers of abandoned properties with underground storage tanks.
Action Steps:	Track availability of program funds in 2015 and beyond. Explore funds as part of an area-wide redevelopment plan.
Description:	In October of 2005, the Water Resources Control Board released details of this program that will fund cleanup at urban, sites with contamination from leaking petroleum underground storage tanks where there is no financially responsible party. To qualify a site must be a brownfield as defined by the program.
Award Amount:	$1.5 million (reimbursement of expenses excluding UST removal).
Required Leverage:	---
Eligibility:	Small businesses (gas stations; fleet services, etc.) Site previously had economic activity, vacant for 12 months, must be in an urban area.
Non-Eligible	Entities eligible for regular EPA or State Cleanup funds; owners or operators who caused the petroleum release.
Deadline:	December (annually)
Timing:	$10 million available for funding. Program sunsets in January 2016.
Website:	Application criteria, contacts and deadlines for this program are available on the website of the California State Water Resources Control Board under the OSCF Program: www.waterboards.ca.gov/cwphome.ustcf Contact for Information: Judy Reid (916) 341-5760 jreid@waterboards.ca.gov

LAND REUSE PLANNING, POLLUTION PREVENTION AND COMMUNITY INVOLVEMENT

Funding Opportunity 10	
Type:	Federal
Categories:	Planning and Consortium Building
Entity:	U.S. Department of Commerce Economic Development Administration (EDA)
Name:	(1) Planning and Local Technical Assistance (2) Economic Development Assistance Program (EDAP) (3) Regional Innovation Grants
Applicability:	The EDAP grant is a promising source of public gap funding for construction of a large-tenant multi-use facility (Harbor District Industrial Park). It is essential to show regional collaboration and innovation for the proposed project.
Action Steps:	Explore all three grants programs
Description:	The EDA Planning grant assists recipients in creating regional economic development plans that create, implement, revise or replace Comprehensive Economic Development Strategies (CEDS). The Local TA program strengthens the capacity of local organizations, states or other eligible recipients to promote and undertake projects such as feasibility studies and impact studies. EDAP funds construction, neo-construction and revolving loan funds in economically distressed areas to create jobs, leverage private capital, encourage economic development for increased global competitiveness. EDA favors new ideas and creative approaches to address rapidly evolving economic conditions. **In addition to economically distressed communities, an investment priority is projects that promote job creation and economic prosperity through enhancing environmental quality and developing and implementing green products, processes, places, and buildings as part of the green economy. This includes support for energy-efficient green technologies. For example, EDA states specifically that it "might provide funding to a city to support the construction of a publically-owned multi-tenant business and industrial facility to house early-stage businesses."** EDA also offers Regional Innovation Grants to develop regional innovation strategies, including regional innovation clusters to build globally competitive regions. As part of this strategy, funding is available for capacity-building activities that include Proof of Concept Centers and Commercialization Centers as well as scaling of existing commercialization programs and centers; feasibility studies for the creation and expansion of facilities such as science and research parks; and supporting opportunities to close the funding gap for early-stage companies. To that end, EDA's i6 Challenge is being joined by additional grant opportunities to create the Regional Innovation Strategies (RIS) Program. Under this program, EDA is soliciting applications for three separate competitions: 1. 2014 i6 Challenge; 2. Science and Research Park Development Grants; and 3. Cluster Grants for Seed Capital Funds. Applicants may, but are not required to, submit proposals for more than one competition under the RIS Program.
Award Amount:	$60,000 -- $70,000 for Planning; Up to $500,000 for Regional Innovation Grants; up to $3 million for capital development projects
Required	EDA may fund 80% of the total project cost if the area meets criteria that include

Leverage:	"not more than 60% of the national average." The amount available from EDA decreases as the area average income rises, up to 60% of the national average (i.e., in which case, EDA funds 50% of the total project costs).
Eligibility:	Nonprofits, consortiums, private institutions of higher learning, city or township governments, counties, states.
Non-Eligible	For-profit entities or individuals.
Deadline:	October 2014 for funding cycle 1 of FY 2015. Funding cycles have followed a quasi-quarterly schedule (FY 2015 Cycle 2, 3 and 4 to be announced). Dec – January; March; June
Timing:	Applications for 2015 are due in November. Viable for future funding years (FY 2016+).
Website:	www.eda.gov Contact for Information: Wilfred Marshall 5777 West Century Boulevard Suite 1675 Los Angeles, CA 90045 Telephone: (31 0) 348-5386 wilfred.l.marshall@eda.gov Julie Kirk Director, Office of Innovation and Entrepreneurship oie@eda.gov

Funding Opportunity 11	
Type:	Federal
Categories:	Pollution Prevention
Entity:	U.S. EPA
Name:	Source Reduction Assistance (SRA) Grant Program
Applicability:	Can be used for workshops and technical assistance that help the public and private sectors apply the concepts of green chemistry in making operational strategic decisions.
Action Steps:	Watch FY 2016 federal budget for program funding.
Description:	Community-based grassroots organizations and other eligible entities may propose projects that demonstration pollution prevention/source reduction and resource conservation efforts through surveys, studies, research, investigation, experimentation, education, training and/or innovative practices; with the intent of reducing or eliminating pollution at the source to improve people's health and the environment. Outcomes focus on hazardous materials reduced, energy and water saved or conserved, and dollars saved.
Award Amount:	\$10,000 - \$147,000 per year
Required Leverage:	5 percent match
Eligibility:	States, local governments, cities, school districts, institutions of higher learning, nonprofits
Non-Eligible	For profit entities
Deadline:	March 2015
Timing:	If awarded projects begin in October 2015.
Website:	www.epa.gov/p2/pubs/grants Contact Information: U.S. EPA Region 9 (WST-7) Waste Division 75 Hawthorne St. San Francisco, CA 94105 John Katz: (415-972-3283), katz.john@epa.gov Jessica Counts-Arnold: (415-972-3288); counts-arnold.jessica@epa.gov Wendi Shafir: (415-972-3422); shafir.wendi@epa.gov

Funding Opportunity 12	
Type:	Federal
Categories:	Pollution Prevention and Water Conservation
Entity:	U.S. EPA and State Water Resources Control Board
Name:	Water Quality and Infrastructure Improvement
Applicability:	City of National City could apply for additional funding to contribute toward water infrastructure for pollution prevention related to automotive repair businesses.
Action Steps:	Explore with the California Water Resources Control Board and National City the feasibility of accessing U.S. EPA funding.
Description:	The U.S. EPA announced October 2, 2014 announced $183,500,000 is available as additional funding and will be used for California water quality projects that will reduce water pollution, improve municipal drinking water and wastewater infrastructure, make water and energy projects more efficient, and provide technical assistance to communities.
Award Amount:	Varies (City of Fresno obtained $51 million in zero interest loan).
Required Leverage:	To be announced.
Eligibility:	Cities and municipalities
Non-Eligible	Nonprofits, businesses, individuals
Deadline:	To be announced.
Timing:	Announcements of funding availability should be released in early 2015 (possibly January).
Website:	Application criteria, contacts and deadlines for this program are available on the website of the California Water Resources Control Board: www.waterboards.ca.gov Contact for Information: Judy Reid (916) 341-5760 jreid@waterboards.ca.gov

Funding Opportunity 13	
Type:	Philanthropic
Categories:	Planning and Community Engagement (Sustainable Communities)
Entity:	Smart Growth Funders Network
Name:	Partners for Places
Applicability:	This program is a city or district-wide opportunity to build a fully engaged partnership committed to planning and implementing significant change toward achieving sustainable communities.
Action Steps:	Include Partners for Places grants in the funding plan for philanthropic (e.g., San Diego Foundation) and city engagement in an area-wide approach. Track Smart Growth Funders Network events and opportunities to meet participating funders.
Description:	Since 1999, the Funders' Network for Smart Growth and Livable Communities (TFN) has worked with foundations, nonprofit organizations, and other partners to address the environmental, social, and economic problems created by sprawling patterns of development and urban disinvestment. Partners for Places is a successful matching grant program that creates opportunities for cities and counties in the United States and Canada to improve communities by building partnerships between local government sustainability offices and place-based foundations. The project must advance at least one of the following: • A key aspect of a community-focused sustainability, climate action, comprehensive plan provision that specifically addresses sustainability **• A key aspect of any plan endorsed by the mayor or city manager that states the goal of balancing economic development, environmental quality, and equity** • An area identified for performance improvement or implementation for Certified STAR Communities. Partners for Places will not support existing local government staff, major capital projects (actual development), or endowments.
Award Amount:	Grants are between \$25,000 and \$75,000, with a 1:1 match required by one or more local place-based foundations. The Selection Committee will consider proposals for two-year project support, with an award range of \$50,000-\$150,000. An application requesting two years of project support would require a two-year match commitment up front from local funders.
Required Leverage:	1:1 match
Eligibility:	Cities or municipalities with a Sustainability Director or a Community or Place-based Foundation (may be the lead applicant in a consortium).
Non-Eligible	Nonprofit organizations that are not foundations; businesses; cities or MPOs without a commitment to Sustainability as evidenced by a plan and director.

Deadline:	**Applications are due in July of each year.**
Timing:	Readiness to submit an application for funding should begin well before the deadline in order to engage a foundation and city or county Sustainability Director. Round 5 (2015) funding availability announcements were posted in May 2014;

	applications were due in July 2014.
Website:	http://www.fundersnetwork.org/participate/green-building/partners-for-places/

WORKFORCE AND JOB TRAINING (ENVIRONMENTAL)

Funding Opportunity 14	
Type:	Federal
Categories:	Environmental Jobs Training
Entity:	U.S. EPA
Name:	Environmental Workforce Development and Job Training Grants Program
Applicability:	This program funds training for area residents in environmental jobs, particularly those relating to brownfields and green industry pollution prevention. It could offset the impact of displacing workers (35 to 60 annually) from polluting businesses through certified job skills training and placement. If an incubator model is selected for the Harbor Industrial Park, this program could also enhance the training capacity of the facility. Grants are for 3 years, targeting an average of 30 to 60 trainees.
Action Steps:	Incorporate as a potential element of area-wide redevelopment planning. Identify and link to potential qualified green jobs workforce training partners, including the San Diego Workforce Partnership.
Description:	Annual grants allow nonprofit and other organizations to recruit, train, and place predominantly low-income and minority, unemployed and under-employed people living in areas affected by solid and hazardous waste. Residents learn the skills needed to secure full-time, sustainable employment in the environmental field, including assessment and cleanup. These green jobs reduce environmental contamination and build more sustainable futures for communities.
Award Amount:	$200,000 per year for 3 years
Required Leverage:	None required.
Eligibility:	Nonprofits
Non-Eligible	--
Deadline:	February - March 2015
Timing:	Available annually if funding is appropriated.
Website:	www.wpa.gov/ogd/training/resources_for_communities/ Contact for Information: Joe Bruss, 202-566-2772; email: bruss.joseph@epa.gov

ECONOMIC AND COMMUNITY DEVELOPMENT

(TOD AND SUSTAINABLE COMMUNITIES INFRASTRUCTURE)

CAPITAL GRANTS AND LOANS

Funding Opportunity 15	
Type:	Federal (with City as Partner)
Categories:	Economic Development
Entity:	U.S. Department of Housing & Community Development (HUD)
Name:	Community Development Block Grant (CDBG) – Capital Improvement Program
Applicability:	The CDBG Program is a potential source for gap funding (typically after other funding sources are in place) to complete infrastructure or community-benefit capital projects for lower income communities with high rates of unemployment. The 5-Year Consolidated Plan identifies funding priorities that include: affordable housing, housing rehab, HOME program, and shelters/services for the homeless. According to the National City 5 Year Consolidated Plan, the total amount of CDBG funds that are available for FY2014-2015 activities is $863,156. However, the majority of these funds are allocated to housing and some public services.
Action Steps:	Track and participate in 5-Year Consolidated Plan (2016-2020) committee and Annual Action plan public hearings and processes to advocate for economic development project funding that will create jobs and adapt the local economy to future growth opportunities in green industry sectors. The project area in National City is located within a cluster of CDBG-eligible census tracts with a 75.1% or greater low-to-mid income population.
Description:	CDBG Grant funds are provided by U.S. Department of Housing and Urban Development (HUD) to cities and counties to improve housing and economic development opportunities in low-income communities. Cities can choose to spend these funds for brownfield site assessment, remediation, agency oversight costs, legal support, and other expenses related to economic development of sites in qualifying census tracts. The CDBG program also funds Capital Improvement Projects, including low-income housing, infrastructure, and public facilities for safety, health or homeless populations.
Award Amount:	Varies – up to $2 million.
Required Leverage:	None required.
Eligibility:	City agencies, NGOs, nonprofits.
Non-Eligible	Sites that are not in a CDBG-eligible census tract (based on population income levels). For-profit organizations; individuals.
Deadline:	See timing schedule below.
Timing:	The Schedule for Submittal of Annual Action Plans for CDBG funding is: • November – City Council presentation on the Consolidated Plan Priorities • November – December NOFA Technical Assistance Workshop for applicants • January – March – Draft Annual Action Plan • March – Public Hearing #1 on Grant Funding Recommendations • February – March – Grant Applications to City Council & Applicant Presentations • January -- Applications Submittal • March – April – 30-Day Public Review of Action Plan; Public Hearing #2 • May 15 -- Submission of Annual Action Plan to HUD

	• HUD Approval of Annual Action Plan
Website:	www.nationalcityca.gov/index.aspx?page=138 Contact for Information: Leslie Deese, City Manager (619) 336-4240 Ldeese@nationalcityca.gov Alfredo Ybarra, Community Development Manager (619) 336-4279 alfredoy@nationalcityca.gov Housing, Grants, and Asset Management Department MLK Jr. Community Center 140 E 12th Street, Suite B National City, CA 91950 **Telephone Number:** (619) 336-4219

Funding Opportunity 16	
Type:	State
Categories:	Community Development – Capital Projects (Infrastructure and Community Facilities)
Entity:	California Infrastructure and Economic Development Bank
Name:	I-Bank Revolving Loan Fund
Applicability:	The I-Bank may assist with gap financing for a large capital project, such as the Harbor Industrial Park, that relates to infrastructure improvements, including environmental, or a community facility, which assumes some public/private investment.
Action Steps:	The I-Bank is a potential option for funding infrastructure related to the Harbor Industrial District Park in the context of a project that is strongly supported by the City as an active partner. Preliminary contact may be made to determine the expectations, potential funding amount, and time-frame; also whether a larger bond would need to be issued and how it would be repaid. (This would have to be approved by the City Council.) The process assumes at least 2 years of planning.
Description:	The California Financing Coordinating Committee (CFCC) was formed In 1998 and is made up of six funding members: four state, two federal. CFCC members facilitate and expedite the completion of various types of infrastructure projects helping customers combine the resources of different agencies. The Bank provides "patient" low-interest capital for projects such as drinking water, waste water, solid waste, water quality, water supply, water conservation, renewable energy and energy efficiency, flood management, community facilities, streets and highways, and emergency response vehicles. Projects for capital expansion may be industrial, utility or commercial, educational, social or cultural. Projects must be fully permitted, voter- or community approved, with other sources of funding in-place and a source of loan repayment secured. The I-Bank also offers Industrial Development Bonds through the California Industrial Development Financing Advisory Committee. Bond financing provides the project a below-market interest rate and a 30-year loan term. Eligible manufacturing companies can use the proceeds from bond sales to construct facilities and acquire property.
Award Amount:	Low interest, long-term loans ($50,000 to $25 million for 30 year terms).
Required Leverage:	Other funding as needed and repayment scheme (e.g., leases, grants, etc.)
Eligibility:	Cities; municipal agencies; eligible NGOs or nonprofits (some programs): "An eligible borrower may be any company, corporation, association, state or municipal governmental entity, partnership, firm, or other entity or group of entities, provided that for a borrower, other than a state or municipal governmental entity, such borrower is organized as a public benefit tax exempt not for profit entity and applies for financing from the I-Bank in conjunction with a sponsor."
Non-Eligible	Private businesses; projects that do not meet criteria for loans
Deadline:	Continuous basis (quarterly Committee reviews)

Timing:	Funding is available through state bonds; the I-Bank applies for bonds as needed.
Website:	www.cfcc.ca.gov Contact for Information: Ruben Rojas, Deputy Executive Director Ruben.Rojas@ibank.ca.gov: (916) 327-2029 Marilyn Munoz, General Counsel Marilyn.Munoz@ibank.ca.gov: (916) 322-1299

Funding Opportunity 17	
Type:	State
Categories:	Transit-Oriented Development and Affordable Housing
Entity:	Strategic Growth Council (SGC) with administration delegated to the Department of Housing and Community Development (HCD)
Name:	Affordable Housing and Sustainable Communities (AHSC) – (*aka* "Cap and Trade")
Applicability:	Synopsis (Source: Capital Reporter, Sept. 25, 2014) SGC draft guidelines specify two categories for program funding under AHSC: (1) **"Integrated Connectivity Projects"** -- The draft guidelines go beyond the state's Transit-Oriented Development (TOD) Housing Program, to allow for a broader range of community contexts. The first project type "Integrated Connectivity Projects" in "Areas with Potential to Improve Transit" would fund opportunities to reduce greenhouse gas emissions in areas that lack the robust transit systems required under the TOD Housing Program. Eligible uses include: Affordable-home developments, transit and active transportation infrastructure, programs to increase transit ridership, and other infrastructure and programs. • Amount of funds: At least 30 percent of program funds for the first year will be awarded to this category. **(2) "Transit Oriented Development Project Areas"** -- The second project type "Transit Oriented Development Project Areas" in "Qualifying High Quality Transit Areas," must include both: (a) A residential or mixed-use development with at least 20 percent of the homes reserved for lower-income households, **and** (b) One or more of the following: Housing-related infrastructure (e.g. sewer upgrades); transit, walking, or biking infrastructure; or green infrastructure (e.g. a park). • Amount of funds: At least 40 percent of the funds are will be awarded to this category. SB 535 stipulates that at least 25 percent of AHSC funds must benefit disadvantaged communities (DACs) and 10 percent must be spent within those communities. Identification of a "DAC" for the purposes of the AHSC will be based on CalEPA's Enviro-Screen tool and mapping. This application incorporate several criteria based on evidential data. Under this system, the majority of communities falling within the 10 percent (total highest ranking score) range are in Central California and Los Angeles. The target census tracts in National City comprising the automotive repair project area appear to be in the 20 percent level (second highest ranked) of identified DACs.
Action Steps:	As local Metropolitan Planning Organizations will determine which concepts are most competitive to submit full applications, information from SANDAG should be requested after the guidelines are finalized.
Description:	The AHSC program funds land-use, housing, transportation, and land preservation

	projects to support infill and compact development that reduces greenhouse gas ("GHG") emissions. These projects facilitate the reduction of the emissions of GHGs by improving mobility options and increasing infill development, which decrease vehicle miles traveled and associated greenhouse gas and other emissions, and by reducing land conversion, which would result in emissions of greenhouse gases. Projects are also to support related and coordinated public policy objectives, including: 1. Reducing air pollution 2. Improving conditions in disadvantaged communities 3. Supporting or improving public health 4. Improving connectivity and accessibility to jobs, housing and services 5. Increasing options for mobility, including active transportation 6. Protecting agricultural lands to support infill development The guidelines include 17 scoring criteria, with multiple sub-criteria in many of them. These include greenhouse gas emission reductions, readiness, leveraging, location near job centers, impact on transit ridership, incorporation of walking and biking features, community greening, housing affordability, and more. No point values have been assigned to the scoring criteria yet. (See draft guidelines pages 30-52.) For housing, the program retains HCD's TOD Housing Program's minimum-project size requirement, i.e., 50 units for "non-metropolitan areas" and 100 units for "metropolitan areas."
Award Amount:	To be determined.
Required Leverage:	To be determined. (May be modeled on HCD's TOD housing program.)
Eligibility:	A local public agency must be the lead or joint applicant, even for applicants seeking funding only for housing development and housing-related infrastructure. (See Draft Guidelines page 22.)
Non-Eligible	Any non-public agency (e.g., Housing Commission).

Deadline:	**April 2015**
Timing:	• August 2014: SCG conducted three workshops to develop the program guidelines. • September 2014: Draft guidelines released for public comment. • October 2014: Three public workshops will be held to finalize the guidelines. • December 2014: Final guidelines to be submitted to SGC for approval. • January 2015: NOFA to be released. • April 2015: Applications will be due.
Website:	http://sgc.ca.gov/ Contact for Information: Adrienne Orilla – Executive Director Governor's Office of Planning and Research (912) 322-1028; Email: Adrienne.orilla@opr.ca.gov

Funding Opportunity 18	
Type:	Comprehensive Land Use and Regional Growth
Categories:	Smart Growth & TOD Planning and Capital Grants (Infrastructure)
Entity:	San Diego Association of Governments (SANDAG)
Name:	Transnet Smart Growth Incentive Funds – Planning & Capital Grants Program
Applicability:	Mobility and TOD planning and infrastructure projects could be funded for mixed-use redevelopment areas such as the Harbor District Industrial Park.
Action Steps:	Contact the City to determine interest and readiness to apply for a planning grant in the next cycle.
Description:	The *TransNet* Smart Growth Incentive Program (SGIP) funds transportation-related infrastructure improvements and planning efforts that support smart growth development. The SGIP will award two percent of the annual *TransNet* revenues for the next 40 years to local governments through a competitive grant program to support projects that will help better coordinate transportation and land use in the San Diego region. The goal of the *TransNet* SGIP is to fund comprehensive public infrastructure projects and planning activities that will facilitate compact, mixed use development focused around public transit, and that will increase housing and transportation choices. The projects funded under this program will serve as models for how modest investments in infrastructure and planning can make smart growth an asset to communities around the region. These investments should help attract private developers to build projects that, with the support of the *TransNet*-funded projects, create great places in the San Diego region.
Award Amount:	$400,000 to $2 million
Required Leverage:	---
Eligibility:	Cities
Non-Eligible	Nonprofits and other entities may not receive funding directly but may partner with the city as a sub-applicant or member of a consortium
Deadline:	June 2015 (estimated)
Timing:	Requests for Applicants issues every 2 years (not annually). Grants (13) last awarded in June 2013.
Website:	www.sandag.org Contact for Information: Susan Baldwin, Senior Regional Planner Phone: (619) 699-1943, Email: susan.baldwin@sandag.org

ENVIRONMENTAL PROJECTS

RESEARCH AND EVALUATION

Funding Opportunity 19	
Type:	Philanthropic
Categories:	Research, Planning, Proof of Concept Evaluation
Entity:	San Diego Foundation
Name:	Environmental Programs
Applicability:	The Foundation is a potential resource for involving the community with other local stakeholders in important initiatives affecting health, environmental education and quality of life within distinct communities.
Action Steps:	Contact Emily Young to inform her of the project and get her feedback/support.
Description:	In 2011, The Foundation granted program grants of $1.2 million to local communities, in addition to the over $60 million in Donor Advised Fund Grants. Program grants are distributed through a competitive process across specific subject areas, each headed by Working Groups of committed volunteers. Subject areas include arts and culture, the environment, health & human services, and science & technology. Under the Environment, the Foundation is focused in three areas: conservation of globally significant, biodiversity hotspots in Southern California, community-based efforts to eliminate toxic substances which revitalize green spaces, and regional efforts to address climate change through mitigation and adaptation. A key program under the Foundation's Climate Initiative is the Blasker Environment grant. This program is particularly interested in projects that focus on 1) the potential impacts of climate change on the region (i.e., in areas such as public and ecosystem health), and 2) ways to reduce our local greenhouse gas emissions and minimize climate change impacts in the San Diego region.
Award Amount:	Averages $25,000 per project
Required Leverage:	None required.
Eligibility:	Nonprofits (community focus)
Non-Eligible	Businesses.
Deadline:	Program grant opportunities announced annually for each priority funding area. For the FY 2015 Blasker Environment grant, Letters of Inquiry must be submitted via email to emilyg@sdfoundation.org no later than 12:00 p.m. (noon) Tuesday, Oct. 7th, 2014.

Timing:	The Foundation is under new leadership (B. Kathryn Meade, Executive Director) in 2014. This may present an opportunity to introduce innovative approaches to grant-making that enhance the collective impact of change within targeted communities.
Website:	www.sdfoundation.org Emily Young, Ph.D. (oversees Environmental Grants) Liberty Station The San Diego Foundation 2508 Historic Decatur Rd., Suite 200 San Diego, CA 92106 Ph: 619-235-2300 eyoung@sdfoundation.org

Funding Opportunity 20	
Type:	Philanthropic
Categories:	Public Health and the Built Environment
Entity:	Pew Charitable Trusts
Name:	Health Impact Assessment Grants
Applicability:	The HIA grant program funds communities in the planning stage that are evaluating the social, health and economic impact of large-scale projects involving infrastructure and public investment. The HIA program is a potential resource for engaging university researchers, economists, health experts, transportation planners and environmental groups with the community in understanding the positive and negative impacts of major projects and formulating indicators for success.
Action Steps:	Consider HIAs as part of an area-wide strategy to address transitioning automotive repair shops to an alternative green center. Contact Steven Ellsberg, a member of San Diego Grantmakers and the local California Endowment regional officer.
Description:	The Health Impact Project, a collaboration of the Robert Wood Johnson Foundation and The Pew Charitable Trusts, is a national initiative designed to promote the use of health impact assessments (HIAs) as a decision-making tool for policymakers. Decision makers at all levels are using the fast-growing field of HIA to take health into account when making decisions in a broad range of sectors, including agriculture, education, energy and budgeting, in all types of locations--rural, suburban, and urban, local, regional or statewide. HIAs use a flexible, data-driven approach that identifies the health consequences of new policies and develops practical strategies to enhance their health benefits and minimize adverse effects. HIA helps identify and address the health impacts of policies and decisions in non-health sectors, such as building a major roadway, planning a city's growth, or developing agricultural policy. An HIA includes practical strategies to enhance their health benefits and minimize adverse effects. In 2014, The California Foundation announced it was providing grant funding with the Pew Charitable Trusts and Robert Wood Johnson Foundation on a competitive basis for HIAs in California.
Award Amount:	$75,000
Required Leverage:	None required.
Eligibility:	Universities, cities, nonprofits. Foundations.
Non-Eligible	Businesses

Deadline:	**Late summer/early fall due date.**
Timing:	Funding opportunities are announced annually in July.
Website:	www.pewtrust.org Aaron Wernham, MD 215-575-9050 One Commerce Square 2005 Market Street, Suite 2800, Philadelphia, PA 19103-7077

Appendix H: Cash Flow Analysis