

DE ANZA REVITALIZATION PLAN

LEASEHOLD ANALYSIS FACT SHEET

PURPOSE AND METHODOLOGY

- Determine supply and demand conditions for recreation and concession uses on De Anza Cove
- Reviews existing demographic and visitation conditions along with annual lease and permit revenue data
- Supplement with interviews of local concessionaires, permit users, and Department of Park and Recreation Staff

MISSION BAY PARK CONDITIONS

- Currently 4,309 acres of park and open space in Mission Bay, including 1,887 acres of parkland, 134 acres of marsh, and 2,288 submerged acres in the bay.
- Park is a regional draw, used by residents and tourists

DEMOGRAPHICS

- 3.25 million residents and 1.14 million households living in San Diego County (2015)
- 35.1 percent have children under the age of 18
- More than 24 percent of County residents are over the age of 55
- The population is expected to increase five percent by 2020

VISITATION

- 14 million people visited Mission Bay parks in 2014
- Visitors to Mission Bay (tourists and day visitors) spent an average of \$399 per day on accommodations, food and dining, transportation, entertainment and recreation, and retail goods.
- Total Mission Bay visitor spending in 2014 was \$5.6 billion
- Visitation is projected to increase 10 percent by 2020

LEASES AND PERMITS

- There are 35 leases and 2,064 permits issued for Mission Bay that bring in more than \$30.5 million in annual City revenues
- Ground leases represent the bulk of the revenues generated by concessionaires to the City, contributing more than \$30 million in annual revenues to the City in Fiscal Year (FY) 2014
- The City is allowed to lease 25 percent of the land and 6.5 percent of submerged area in Mission Bay. Total land available to lease is 471.8 acres, and total submerged area available to lease is 144.8 acres
- Ground lease rents are based on a participation rent structure, where the City receives a portion of each entity's annual gross revenue.

- Hotels, marinas, and attractions (i.e., Sea World) contribute more than 95 percent of total ground lease revenues.
- Other water recreation and restaurants make up the bulk of the remaining five percent, while non-commercial leases contribute less than one percent.

| Use | Existing Units | Average Annual Ground Lease Revenues per Lease |
|-------------------------|--|--|
| Lodging | 2,396 hotel rooms | \$2.3 million per hotel; \$6,900 per room |
| Camping (RV and tent) | 568 | \$3,000 per site (includes marina revenues) |
| Marinas | 1,945 slips | \$553,000 per marina; \$2,400 per slip |
| Stand-Alone Restaurants | 1 | \$80,000 for stand-alone restaurant |
| Other Water Recreation | Several smaller water recreation lessees | Ranges from \$50,000 to \$175,000 |
| Non-Commercial | 12 lessees | Low, but could fulfill other policy goals |

- The City's Park and Recreation Department issues permits to individuals, private commercial businesses, and non-profit groups for a variety of uses, including tent camping.
- In 2015, permit revenues totaled \$538,288 for all groups (1.8 percent of total ground lease and permit revenues).

DEMAND

| Use | Uses Currently Missing from Mission Bay |
|------------------|--|
| Restaurant | Strong demand for stand-alone restaurants that are water-oriented; Strong demand for casual family dining to serve park visitors |
| Amphitheater | Moderate; location can make this a unique experience |
| Aquatic Center | Strong demand from Mission Bay High School and surrounding areas |
| Tent Camping | Strong; location could be ideal for environmental learning opportunities |
| Retail | Strong demand for convenience retail oriented to park visitors |
| Water Recreation | Moderate, but location may be an issue; non-motorized uses could be expanded |
| Non-Commercial | Moderate |

- New Mission Bay visitors are expected to spend more than \$561.7 million in San Diego, annually. (2020)
- If concessions on De Anza Cove can capture between five and 15 percent of new food service, food store, entertainment, lodging, and retail expenditures, that would provide between \$23.1 million and \$69.2 million per year in local revenues to park concessionaires.
- Mission Bay could support between 20,100 and 60,400 square feet of restaurant space, 4,100 square feet of food store retail, and 12,100 square feet of other retail.
- The area could support significant increases in entertainment and recreation space, including an aquatic center, amphitheater, and/or camping.
- The area could also support new hotel rooms.

| Use | Annual Ground Lease Revenue per Lessee |
|------------|--|
| Restaurant | \$150,000 - \$200,000 per water-oriented restaurant that brings in \$3m-\$4m in gross annual receipts. |

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|------------------|---|
| Amphitheater | \$1.1m-\$3m per year for a 50,000 square foot facility. |
| Aquatic Center | Between \$36,000 and \$90,000 per year, depending on the operating entity and number of patrons. However, its own operations will need to be subsidized before it can pay ground lease rents. |
| Tent/RV Camping | \$3,000 per RV space, on average for a total of \$1.7 million per year for the replaced 568 RV spaces. Cabins would likely bring in revenues similar to hotel uses (\$6,000 per cabin), while tent camping would likely bring in less revenue per site (\$1,000). |
| Retail | \$130,000 per 5,000 square feet. |
| Hotel | Averages \$6,900 per room based on current Mission Bay hotel ground lease payments. |
| Water Recreation | \$50,000 - \$150,000 per tenant or concessioner. |
| Non-Commercial | Minimal. |

NEXT STEPS – COST ESTIMATING

- Provide a baseline cost estimate of operating, maintaining, and providing security to parks of different programming levels
- Project the cost of Master Plan alternatives
- Compare those costs to potential revenues