

## Proposed Amazon facility in Otay Mesa gets bigger

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Plans for an already huge warehouse and distribution center in East Otay Mesa that Seefried Properties is preparing to develop for Amazon just got a whole lot bigger.

The 65-acre property was purchased for \$22.67 million last March by a unit of New York City-based Fortress Investment Group, which has worked on projects with Amazon.

When San Diego County approved the site plan for the project at Otay Mesa Road and Enrico Fermi Drive in January 2018, plans called for a 2.65 million-square-foot, four-story storage and distribution facility.

On Jan. 9, the County's planning and devel-

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# Amazon

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opment services director, Mark Wardlaw, approved an amendment, permitting a five-story building of 3.4 million square feet. Wardlaw is authorized to approve such a modification given the determination that the change doesn't conflict with the East Otay Mesa Community Plan.

The 3.4 million-square-foot proposal would not only be the largest single industrial building in Otay Mesa or the county, it would even be large for the Inland Empire, where approximately 25 million square feet is currently under construction.

"This would be the biggest project on Otay Mesa by far," Otay Mesa Chamber of Commerce executive director Alejandra Mier Y Teran said, adding that the largest building she knows of in Otay Mesa is a roughly 600,000-square-foot facility that once served as a warehouse for Factory 2-U.

County officials have said Amazon would be the operator. Commercial brokers have declined to comment on the proposal either because they are part of the deal, or said they weren't close enough to comment on the record.

The property will include 43,371 square feet of office space, but the remainder will be for the enormous warehouse. A total of 1,854 parking spaces are being planned to serve the facility, though few details have been offered about what the warehouse will look like.

Given how massive the project will be, the county is requiring the project to have some sort architectural treatment every 200 feet to break up what would otherwise be a continuous block wall. All proposed fencing is required to be wrought iron.

One thing Seefried and Fortress shouldn't have to worry about is the height of the building. The 95-foot height places it well below the 150-foot maximum for the zone, and well within the height limit for the Brown Field Municipal Airport.

Fortress invests in publicly traded companies, which, in turn, invest in a wide variety of real estate related assets, transportation and infrastructure, and media-related property.

In addition, Fortress invests in distressed and undervalued assets (some with limited current cash flows and long investment horizons) and tangible and intangible assets (real estate, capital assets, natural resources and intellectual property).

Fortress was acquired by SoftBanc Group for \$3.3 billion in 2017.

Seefried Properties has developed Amazon fulfillment centers in Birmingham, Ala., Tucson, Ariz., and Salt Lake City. Fortress has worked with Amazon in the upper Midwest.

The Otay Mesa development is short on specifics. A fence has been placed around the property, but the date of a proposed groundbreaking has yet to be revealed. Whether or not a project architect and a general contractor have been named also wasn't immediately clear.

Before Seefried can think about a groundbreaking, the developer will be required to satisfy numerous requirements. It will be required to provide 5.7 acres of conservation habitat that is to include Diego Coastal Sage

Scrub, or if the mitigation land is outside a given biological core area, 8.65 acres.

To mitigate for traffic, Seefried will be required to make improvements to La Media Road and Otay Mesa Road along with work to improve Enrico Fermi Drive, and eastbound State Route 11. SR 11 leads to the second border crossing.

Additionally, the developer will be subject to a number of fees, including a transportation impact fee. The amount of this fee isn't static; it is calculated at the time a building permit is issued.

Seefried, like virtually all Otay Mesa developers, will have to determine whether or not burrowing owls are on the property, and if so, how to mitigate for them. Vernal

pools that may contain such creatures as the minuscule San Diego Fairy Shrimp have also long been animals with which Otay Mesa developers have had to contend.

The Amazon facility isn't happening in isolation. Linda Greenberg, a Lee & Associates principal who has covered Otay Mesa for more than 30 years, noted that while such a large project is going on the U.S. side of the border, a major cargo facility is being developed at Tijuana's airport, Rodriguez Field.

Greenberg said these projects stand to complement each other.

The cargo facility is known as the Tijuana Air Cargo Logistics Park Matrix or TJ-Park for short.

In 2018, Carlos Bustamante of Matrix/Grupo Bustamante and Alan Bersin of Bor-

derWorks Advisors presented a proposal for a state-of-the-art cargo processing center to service clients such as FedEx, UPS, DHL, Estafeta, Aeromexico, Volaris Cargo, and others.

Bersin, who currently serves as an assistant secretary for the Department of Homeland Security, is a former commissioner of U.S. Customs and Border Protection.

Bustamante, as well as being a developer, is a past Tijuana mayor.

While new cargo operations have been added to Rodriguez Field since Bustamante and Bersin's report was published, they remain on a very modest scale. The plan is to grow these operations over time.

"Mexico's air cargo industry is underdeveloped and geographically centralized, with very low air cargo volumes compared to the size of its economy," the report stated. "In general, the country lacks air cargo infrastructure. Air cargo between Mexico and the United States is similarly stunted, with goods either crossing the border by truck or being flown to central locations such as Guadalajara and then driven to destinations like Tijuana."

Rodriguez Field is an international airport with a 9,777-foot runway that can handle virtually any aircraft in the world with 90 percent maximum takeoff loads.

"San Diego and Tijuana are intertwined economies with a combined population of 6 million residents and growing," the report stated. "The San Diego airport is constrained to handle the overall volume of air cargo in the region, relying on the Los Angeles International Airport is a suboptimal solution. TJ-Park will support the logistics and cargo needs of San Diego-area businesses and manufacturers, as well as the thriving manufacturing industry in Tijuana."

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Report from Carlos Bustamante and Alan Bersin