



## **CROSS-COMPARISON OF OPTIONS FOR MISSION VALLEY SITE**

*June 2018*

### **Background**

The Chargers, a professional football team hosted by San Diego since 1961, announced in January 2017 that they would leave San Diego and move to the Los Angeles metro area. This departure has created a question about the future of the property in Mission Valley on which the stadium that housed the Chargers is located.

A La Jolla-based investment group, including the Padres Managing Partner and professional MLS Soccer players, named Goal San Diego has proposed through the citizens' initiative process one potential vision for Mission Valley involving the construction of a new stadium suited for professional soccer. This initiative is titled the "San Diego River Park and Soccer City Initiative" and popularly dubbed as "SoccerCity." The SoccerCity initiative proposes to amend the City of San Diego General Plan, the Mission Valley Community Plan, the Kearny Mesa Community Plan, and elements of the Municipal Code and adopt a "SoccerCity San Diego Specific Plan" that creates zoning changes to allow for redevelopment of the area.

At the same time, San Diego State University has developed a similar plan for the site in its effort to create a new west campus in the area. A group of supporters—led by business leaders, SDSU graduates, developers, and others—titled Friends of SDSU drafted the "SDSU West Campus Research Center, Stadium and River Park Initiative" ("SDSU West") through the citizen's initiative process for this purpose. The SDSU West initiative proposes to amend the City of San Diego Municipal Code to authorize and direct the sale of 132 acres of real property on the stadium site to San Diego State University.

The following analysis will present the details of both of these proposals as they relate to a variety of categories. The details of both SoccerCity and SDSU West will be compared with each other as well as with the likely next steps for the City of San Diego should both initiatives fail at the ballot in November 2018. Each initiative will require a 50%+1 majority vote of approval to pass and if both initiatives meet this threshold, the initiative with the most votes will become law.

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### **Tips for Reading**

1. Underlined comments highlight where there are substantial differences between the two initiatives. Grey text indicates where the initiatives are substantially the same.
2. *Italicized comments are amplifying analysis from San Diego County Taxpayers Association.*

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**Section 1. Analysis of Legal and Financial Obligations**

Before beginning the cross-comparison of legal and financial obligations of either initiative and the status quo, it is important to note that some may argue that one or both initiatives is land use decision making at the ballot box. SDCTA does not have a position on this, though there are obvious implications that need to be addressed.

SDCTA does not dispute that it would be reasonable to argue that land use decision making at the ballot box may not be the most prudent mode of urban planning. Urban planning is a profession with complexities that may be difficult to understand. Simultaneously, SDCTA does not dispute that it would be reasonable to argue that land use decision making through existing planning processes may not be the most prudent mode of urban planning either. Indeed, one could legitimately argue that the generally accepted housing crisis in which San Diego finds itself is due to what is now colloquially referred to as NIMBYism; NIMBY stands for “not in my backyard.” Some also argue that the CEQA requirements have become so fraught with litigation that CEQA, while well intended, may make the barriers to development excessively onerous.

But until either the initiative system or planning processes are changed, both modes are legitimate mechanisms by which both good and bad land use decisions can be made. And salient to these proposals in particular, the mere fact that they are initiatives do not contribute to whether it is deserving of support or opposition. It is also important to note that to argue that an initiative of this sort should be disallowed would create a chilling impact on democratic processes. The initiative system in its purest form must be content neutral; for it to work, it must allow ideas to proceed to the people regardless of how one might judge its content.

	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
<b><i>OVERVIEW AND TYPE OF FINANCIAL TRANSACTION</i></b>	<p>The SoccerCity initiative involves the <u>lease</u> of approximately <u>233</u> acres of City-owned land near the existing SDCCU stadium and <u>20 acres of City-owned land that previously housed the San Diego Chargers training facility</u>. It would amend the standard leasing procedure in the City with regard to the stadium site.</p> <p>The initiative would direct the Mayor to execute a 99-year lease (with no renewal options) with a “Qualified Lessee” and would add various sections to the Municipal Code that would outline requirements for the lease. The initiative</p>	<p>The SDSU West initiative involves the <u>sale</u> of approximately <u>132</u> acres of City-owned land near the existing SDCCU stadium. It would amend the City of San Diego Municipal Code to change the standard sales procedure in the City with regard to the stadium site.</p> <p>The initiative would “authorize and direct” the City to sell the property to San Diego State University for Bona Fide Public Purposes as long as the sale is deemed fair and equitable by the City Council.<sup>4</sup> The SDSU West Initiative defines Bona Fide Public Purposes as a “good</p>	<p><i>If both initiatives fail, then there would be no change. The leadership of the City of San Diego would need to either (1) utilize normal planning processes, (2) generate their own ballot initiative, or (3) solicit proposals to make any substantive changes.</i></p> <p><i>The history of San Diego illustrates the variability with which San Diego has made major land use decisions, and we have observed both positive and negative outcomes for each mechanism.</i></p>

<sup>4</sup> This language is in line with current San Diego Municipal Code §22.0907 dealing with the sale of real property to public agencies.

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	<p>defines a Qualified Lessee in such terms that essentially require the lease to be awarded to Goal San Diego, who have submitted an official bid to bring a franchise of Major League Soccer—the league representing the highest level of men’s professional soccer in the United States—to San Diego.</p> <p>The Mayor would only be required to execute the lease if he finds that the lease is consistent with his authority, duties, and obligations under the City Charter and meets the new requirements set forth in the Municipal Code, created by the initiative. The execution of the lease <u>would not require City Council approval and lease terms could not be amended without a majority vote of the public until 2033</u>. No public hearings would be held for permitting as typically would occur. Adoption of the initiative <u>would not be subject to the California Environmental Quality Act (CEQA)<sup>1</sup>, though further actions made to implement the initiative may require CEQA review.<sup>2</sup></u></p> <p>The <u>Mayor is required to determine the fair market value</u> of the property, which establishes</p>	<p>faith or genuine use or uses for public or government purposes such as public university uses or facilities; institutional uses or facilities; offices; buildings; stadium, park, open space, trail, and recreation uses and facilities; academic uses and facilities; public parking; faculty, staff, student and residential market-rate affordable housing; hotel uses and facilities to support university goals and objectives; and public-private partnership support uses and facilities, including but not limited to commercial, neighborhood-serving retail, research, technology, development, entrepreneurial, and residential uses, because all such uses, individually and cumulatively, promote or facilitate SDSU’s higher education mission, goals, and objectives.”</p> <p><i>This would require approval by the SDSU Board of Trustees.</i> Because of the requirement for City Council approval, the sale could be vetoed by the Mayor.<sup>5</sup> The initiative language also authorizes the sale to any SDSU auxiliary organization, entity, or affiliate. Should the site be sold to a non-governmental entity, a public vote for ratification would be required.<sup>6</sup> <i>Any such sale</i></p>	<ul style="list-style-type: none"> <li>• In 1915, voters in San Diego approved by initiative the transferring of submerged lands to the Navy to establish a Marine Corps base, which kicked off the establishment of San Diego as a Navy town, and Congressman William Kettner played a significant role in negotiating land sales throughout the region with the Navy. While not likely a very representative nor public process, it would be hard to dispute the positive impact the Navy’s presence has had on San Diego’s growth throughout the 20th century.</li> <li>• In 1955, the San Diego City Council offered by direct council action a significant amount of land to the University of California Regents as a potential site for a new UC campus. In June 1956, SDCTA supported and San Diego voters approved by initiative through Proposition J the sale of city-owned pueblo lands to private enterprises to foster scientific growth on the Torrey Pines Mesa. Both direct action by elected leadership and direct choice by voters</li> </ul>

<sup>1</sup> CEQA is a California statute that requires state and local agencies to identify and mitigate or avoid any significant environmental impacts expected as a result of their actions. Ordinances enacted by citizen-sponsored initiatives are not subject to CEQA.

<sup>2</sup> San Diego City Attorney Report, “Proposed Initiative for the San Diego River Park and Soccer City” (June 15, 2017): 9.

<sup>5</sup> San Diego City Attorney Report, “SDSU West Campus Research Center, Stadium, and River Park Initiative” (March 1, 2018): 7.

<sup>6</sup> *Id.* at 8.

**SOCERCITY**

the cost of the leasehold interest for the property. This value may include various deductions including the demolition of the existing stadium and the cost of addressing various existing contamination on the site. The minimum lease value required for the site is \$10,000.

The SoccerCity initiative also involves the adoption of the San Diego River Park and Soccer City Development Agreement, as well as various changes to the Municipal Code, General Plan, Mission Valley and Kearny Mesa Community Plans, and Mission Valley Planned District Ordinance. These adopted changes are intended to ensure that the development outlined in the Specific Plan could occur. The development regulations laid out in the Development Agreement could not be amended by the City Council or public vote until 2039 unless terminated by the parties.

*If the initiative was adopted and no lease was executed, all of the terms of the initiative would still be in effect and would control future leasing of the property. If there was no Qualified Lessee, the property could sit vacant for the 99-year lease unless a public vote occurred to amend the initiative.<sup>3</sup> If a lease was awarded to Goal San Diego but no MLS team was awarded to San*

**SDSU WEST**

*would require a full CEQA review before execution. This sale would be executed without the City advertising for other bids to purchase the site, in line with Section 22.0907 of the San Diego Municipal Code.*

The City Council would be required to determine the fair market value of the property, which establishes the sale price for the property. This value may include various deductions including the demolition of the existing stadium and the cost of addressing various existing contamination on the site.

The initiative lists several uses that such a sale would “provide for,” *but none of these uses are necessarily required.* Specific uses intended for the site, which could be negotiated through a future Purchase and Sale Agreement, will be discussed later in SDCTA’s analysis of the site plans.

The initiative could not be amended without a majority vote of the people for 20 years after its adoption. If the sale to SDSU or any SDSU auxiliary organization, entity, or affiliate does not occur, the terms of the initiative would not apply.

**IF BOTH INITIATIVES FAIL**

formed the baseline to create the innovation sector of San Diego’s economy present on and around UC San Diego.

- In 1972, the San Diego City Council approved a redevelopment plan for downtown, which included plans for Horton Plaza, and the developer was selected two years later in 1974. Horton Plaza opened in 1985 after significant litigation.
- In August 1993, the City of San Diego established the NTC Reuse Committee to determine what to do with the legacy Naval Training Center, now Liberty Station, after its closure through the Base Realignment and Closure process. With three years of deliberation, the committee ultimately determined a plan moving forward, and in 1999, Corky McMillin won the competitive proposal process to develop Liberty Station. While Liberty Station may be thriving now, it took six years to go from knowing the land would be available to selecting a developer.
- In November 1998, voters approved the redevelopment of East Village and the financing of a ballpark for the Padres,

<sup>3</sup> San Diego City Attorney Report, “Proposed Initiative for the San Diego River Park and Soccer City” (June 15, 2017): 10.

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	<i>Diego, the stadium would not be constructed, and the property could sit vacant for at least seven years until the land could revert back to the City (see p. 10). The City Council would have the authority to amend the initiative without a public vote beginning in 2033.</i>	<i>It is important to note that the City Attorney’s memo on this initiative points out that SDSU is a state public agency governed by its Board of Trustees, and therefore the City could not legally require SDSU to take any particular action. Regardless of the language adopted through the initiative, the City’s development regulations, fees, and processes would not legally apply unless negotiated through a purchase and sale agreement.<sup>7</sup></i>	which was Proposition C on the ballot, and Petco Park did not open until 2004.
<b>FINANCIAL REQUIREMENTS</b>	<p>The Qualified Lessee would be responsible for developing the land, <i>in no specific order</i>, in accordance with a Specific Plan referenced in the initiative and would have the option of purchasing up to 79.9 acres of the site with an additional purchase fee of \$1,000, plus additional fair market value of the land that has not yet been paid.<sup>8</sup></p> <p>The Specific Plan outlines a maximum number of units of development for housing, hotel rooms, retail and office space, and a Joint Use Stadium given traffic requirements. However, the plan only <u>requires a minimum of 800 units of housing</u>.</p>	<p>Should SDSU be awarded the sale, SDSU would be required to develop the site through the SDSU Campus Master Plan revision process, which involves public participation and full compliance with CEQA and sections of the California Education Code that would require the development of Environmental Impact Reports.<sup>10</sup> The sale would also require SDSU to use the content requirements of a specific plan, which requires additional diagrams and detail about proposed location for development.<sup>11</sup> SDSU would have the authority to lease, exchange, or sell all or portions of the site to other parties. <i>The initiative language does not define what funds</i></p>	<p>The City of San Diego currently has a lease with San Diego State University for its use of SDCCU Stadium, in which SDSU reimburses the City for game day operating costs and a \$1 per ticket facility surcharge. In 2017, SDSU paid \$153,554 to the City to rent the stadium for collegiate football games.<sup>12</sup> The lease is set to end in 2018, but the two parties have entered into negotiations to extend the lease so that the University can continue using the stadium as a home for its football team.</p> <p><i>Though SDSU’s supporters have suggested that the City allow the University to take over</i></p>

<sup>7</sup> *Id.* at 4.

<sup>8</sup> Section 221 of the San Diego City Charter states that any sale of 80 or more contiguous acres of City land requires a public vote.

<sup>10</sup> “Campus Master Planning and Development.” *San Diego State University*, 2018, [www.bfa.sdsu.edu/campus/facilities/planning/planning.aspx](http://www.bfa.sdsu.edu/campus/facilities/planning/planning.aspx).

<sup>11</sup> *California Government Code*, Title 7, Section 65451.

<sup>12</sup> Lewis, Scott. “Deal Between City and SDSU to Keep Playing Football at SDCCU Stadium Still Elusive.” *Voice of San Diego*. January 4, 2018. [www.voiceofsandiego.org/topics/news/deal-city-sdsu-keep-playing-football-sdcca-stadium-still-elusive](http://www.voiceofsandiego.org/topics/news/deal-city-sdsu-keep-playing-football-sdcca-stadium-still-elusive).

	<b>SOCCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
	<p><u>three percent of gross square feet of retail space, ten percent of gross square feet of office space,</u> and the development of a stadium that will accommodate Major League Soccer or other outdoor professional sports (having between 18,000 and 22,000 seats).</p> <p>The Qualified Lessee would be required to <u>reserve 16 acres of the land for five years for a potential professional football stadium,</u> which could also accommodate collegiate football. The lease would allow the purchase of the 16 acres by the professional football group, but this would require separate approval, environmental review, and a public vote of approval due to current restrictions on the sale of City land.<sup>9</sup></p>	<p><i>and method of funding SDSU will use to purchase the land.</i></p>	<p><i>operations and maintenance, this could violate competition laws at the City and would be difficult to accomplish without a long-term lease agreement. The City cannot come to a long-term agreement until the outcome of the November 2018 election is decided, as the SoccerCity initiative prevents the extension of any current leases past 2020 or 30 days after the completion of the new stadium, and this could appear as though the City supports the SDSU West initiative.<sup>13</sup></i></p>
<b>REQUIREMENTS FOR AFFORDABLE HOUSING</b>	<p>The lease would also require the Qualified Lessee to construct the greater of 80 dwelling units or 10 percent of total dwelling units as affordable residential or rental units beginning in the eleventh year of the lease.</p>	<p>The sale would require that SDSU comply with the City’s affordable housing requirements (10 percent of total dwelling units). <i>However, as the land will be property of the State, the City’s fee and development requirements would not technically apply unless these terms were incorporated into the sale agreement.</i></p>	<p>For any development in the City of San Diego that includes two or more units, a developer must create ten percent of total units as affordable. Alternatively, developers may pay an Inclusionary Affordable Housing Fee based on gross floor area of units within the development.<sup>14</sup></p>
<b>REQUIREMENTS FOR TRANSPORTATION</b>	<p>The maximum number of units developed is, in part, dependent on the expected amount of new daily vehicle trips created by any new</p>	<p>Appropriate transportation and utilities infrastructure requirements would be determined through the Campus Master Plan revision</p>	<p>San Diego has planned a new 23-mile, \$3.8 billion Purple Line for the Trolley, which will connect San Ysidro and Kearny Mesa via the I-</p>

<sup>9</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> *San Diego Municipal Code*, Chapter 14, Article 2, Division 13.



<b>AND UTILITIES INFRASTRUCTURE</b>	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
	<p>development and the ability of the Qualified Lessee to obtain necessary permits and regulatory approvals. The specific plan outlines the creation of <u>71,533 new daily vehicle trips</u>, but the City could elect to approve development beyond this number as long as certain regulations are met. The specific plan also outlines required traffic improvements, to be paid for by the Qualified Lessee, designed to mitigate this number of expected new trips.</p> <p>The Qualified Lessee would be required to pay for the construction and maintenance of streets and utilities on the property as well as its share of off-site improvements that the City decides to construct, which are outlined in the Specific Plan. The lessee would be required to pay the City for the improvements in advance of their completion, but development could proceed without the completion of traffic improvements if the City determines that this would be safe. The lease would also require appropriate accommodation for existing and possible future transit lines, such as the San Diego Trolley Purple Line.</p>	<p>process and CEQA review. The initiative requires that the Campus Master Plan comply with the content requirements of a specific plan, which must include “the proposed distribution, location, and extent and intensity of major components of public and private transportation, sewage, water, drainage, solid waste disposal, energy, and other essential facilities proposed to be located within the area covered by the plan and needed to support the land uses described in the plan.”<sup>15</sup> See Section 4 for further details about the Master Plan revision process.</p> <p>The sale would also require appropriate accommodation for existing and possible future transit lines, such as the San Diego Trolley Purple Line. <i>SDSU would have to pay for on/off site traffic improvements as determined in the CEQA process. If they do not contribute what the City deems as a fair share, then the improvements would not occur, the City would have to pay, or the City would have to file a lawsuit against SDSU arguing that they must pay for certain improvements.</i><sup>16</sup></p>	<p>805 corridor, Mid-City, and Mission Valley. The line will be funded with local, state, and federal transportation funds in the next two decades.</p>

<sup>15</sup> California Government Code, Chapter 3, Article 8, Section 65451(a)

<sup>16</sup> San Diego City Attorney Report, “SDSU West Campus Research Center, Stadium, and River Park Initiative” (March 1, 2018): 7.

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<b><i>REQUIREMENTS FOR SDCCU STADIUM DEMOLITION</i></b>	<p>The lease would require the demolition of SDCCU Stadium at no cost to the City. The lessee is not required to demolish the stadium until after the completion of the new stadium, mixed-use development, and River Park, but could do so beforehand.</p> <p>See Section 3 for further discussion of stadium costs.</p>	<p>The sale would require the demolition of SDCCU Stadium at no cost to the City. There is no specific timeline required for the demolition.</p> <p>See Section 3 for further discussion of stadium costs.</p>	
<b><i>REQUIREMENTS FOR JOINT USE STADIUM</i></b>	<p>The lease would require the construction of a new stadium. <u>The stadium is not required to accommodate any other use than professional soccer or other professional sports but may under certain circumstances</u> be developed as a joint use facility with collegiate football, presumably to be occupied by the SDSU football team. Goal San Diego has made commitments, not legally binding through the initiative, to provide SDSU with the option to develop a joint use stadium for its football team and lease other land on the property for a university expansion. These claims are discussed in Sections 3 and 4.</p> <p><u>If a stadium is not constructed within seven years, the City may terminate the lease and the land would revert back to the City.</u> However, the City would be required to honor all subleasing agreements in place on the property that were awarded by the Qualified Lessee, <i>which may impede its ability to use the property.</i></p>	<p>The sale would also require, at no cost to the City, the construction of a new <u>35,000 seat Joint Use Stadium</u> within seven years of the sale. <u>The initiative does not specify who will fund the demolition and construction, and no remedy is laid out in the case that this timeline is not met.</u> <i>An appropriate remedy could be negotiated in a purchase and sale agreement.</i></p> <p><u>Construction of a new stadium would require a full CEQA review prior to approval. The new stadium must be able to accommodate both SDSU Division 1 football and professional sports, including the NFL and MLS.</u> <i>At this time, SDSU does not have the rights to bring an MLS expansion team to San Diego.</i></p> <p>See Section 3 for further discussion of stadium costs.</p>	

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<p><b>REQUIREMENTS FOR RIVER PARK</b></p>	<p>See Section 3 for further discussion of stadium costs.</p> <p>The lease would require the Qualified Lessee to set aside approximately 34 acres for the River Park to be operated and maintained through a future agreement between the City and Qualified Lessee. <u>The Qualified Lessee would be responsible for funding the ongoing operations and maintenance.</u></p> <p>The lease would require the City and Qualified Lessee to “diligently pursue” all required permits for the River Park and other development. The Qualified Lessee would be required to pay the City in advance for the cost of this pursuit. If the permits are obtained within 18 months of the lease execution, the Qualified Lessee would be required to construct the River Park within no specific timeframe. If the permits are not obtained within 18 months and if the City elects this option, the lessee would be required to deposit money into City funds for the future construction of the park.</p> <p>Of note, the “Specific Plan and Initiative create no obligations or requirements on the part of developers within the Plan Area to build or</p>	<p>The sale would require the revitalization and restoration of the 34-acre San Diego River Park, including walking and biking trails, a river buffer of native vegetation, and measures to mitigate drainage impacts. <u>The park would remain under City ownership</u> and the City would be required to dedicate the land for park purposes. Improvements made to the River Park could not result in any City General Fund Costs and <u>would need to be completed within seven years of the sale.</u> <i>However, no remedy is laid out in the initiative in the case that this timeline is not met, and no protections are outlined for other City funds. An appropriate remedy could be negotiated in a purchase and sale agreement. Additionally, the General Fund is not a major funding source for capital improvement projects, so the park would not likely have resulted in significant General Fund Costs if the City was making the improvements itself. In other words, the initiative’s protection of the City’s General Fund for the River Park is not a significant taxpayer protection.</i> <u>The party or parties responsible for funding park maintenance and for obtaining permits are not defined, though the</u></p>	<p>In May 2013, the San Diego City Council adopted a San Diego River Park Master Plan that outlines a vision for development of the land surrounding the San Diego River that is in line with restoration of the river system itself. The plan envisions a series of river parks that connect the communities of Santee, the Mission Valley area, and Ocean Beach with this valuable natural resource, providing opportunities for recreation as well as habitat benefits. The River Park Master Plan provides policy guidelines and recommendations to be considered during the development process.<sup>19</sup></p>

<sup>19</sup> San Diego River Park Master Plan. City of San Diego, April 13, 2013, [www.sandiego.gov/sites/default/files/sdrp\\_master\\_plan\\_full.pdf](http://www.sandiego.gov/sites/default/files/sdrp_master_plan_full.pdf).

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<p>construct parks and/or facilities that require regional, State, or Federal permits.”<sup>17</sup> <i>Should the River Park require a regional, state, or federal permit, the Qualified Lessee would not legally be required to build the park.</i> Funding for the park would still be required, and the initiative contains language allowing the Qualified Lessee to proceed with development on portions of the property that do not require permits.<sup>18</sup></p> <p>The lease would require the lessee to devote \$40,000,000 for construction of the River Park for any lease executed before December 31, 2017. After this date, the total amount the Qualified Lessee is required to provide the City for land improvements related to public recreation purposes would be reduced by \$20,000,000. <i>As the election will occur in November 2018 and thus any lease adopted under this initiative would be enacted after December 31, 2017, the reduced obligation would apply.</i> The park obligations are not subject to time limits or mandatory start or completion dates except as required by state law.</p> <p>The lease would also require the lessee to set aside approximately <u>12 acres of active use fields and neighborhood parks.</u></p>	<p><u>language leaves open the possibility of using developer fees and state and federal grant funding to help complete the required park improvements.</u> <i>It is likely that the City would grant SDSU a right of entry permit to construct on the site.</i> The initiative would also require SDSU to reserve and make improvements to at least <u>22 additional acres for active recreation space.</u></p>	

<sup>17</sup> *San Diego River Park, Soccer City, and Qualcomm Stadium Redevelopment Specific Plan*, p.4.6.

<sup>18</sup> Section 61.2803(c)(18) of the Initiative.

	SOCERCITY	SDSU WEST	IF BOTH INITIATIVES FAIL
<b>REQUIREMENTS FOR MURPHY CANYON SITE</b>	<p>The Specific Plan calls for the <u>Murphy Canyon site, the 20-acre plot housing the former Chargers training facility, to be refitted to house a new professional sports team and visiting teams. The site would also include practice fields.</u></p> <p>This site is located in Kearny Mesa, where development is restricted to ensure compatibility with the use of MCAS Miramar and Montgomery Field airports. The initiative’s language would allow hotel development on the site without obtaining special permits and would exempt hotel construction from these airport land use regulations.</p>	<p>The Murphy Canyon Site would not be included in the sale and would remain under the control of the City.</p>	<p>The former Charger’s Training Center Murphy Canyon became vacant in July when the team moved to Los Angeles. In February, SDSU rented the facility from the City for practice while the University’s locker rooms were being remodeled.<sup>20</sup> Since that time, the property has remained vacant as an unused City asset. <i>The City could enter into similar leasing agreements for the property in the future or sell the site for an estimated \$27 million.</i></p>
<b>ENVIRONMENTAL REQUIREMENTS</b>	<p>The lease would require the City and any third parties with which it currently has agreements to complete any environmental remediation necessary under those agreements. <i>This requirement is referencing a settlement between the City of San Diego and Kinder Morgan, Inc., a fuel storage facility operator responsible for cleaning up contamination that it caused at the site.</i><sup>21</sup></p>	<p>The sale would require SDSU <u>to take steps to reach agreements</u> with the City and other public agencies regarding the payment of environmental mitigation costs for off-site improvements necessary as a result of any development, as well as for mitigation and applicable taxes for development on the site. <i>As such, it is not clear who would be responsible for paying various mitigation costs.</i></p>	<p>Kinder Morgan, Inc. is a large energy infrastructure company that owns and operates a fuel storage facility north of the Mission Valley stadium site. In 1992, the Regional Water Quality Control Board judged that the site was polluted, prior to Kinder Morgan’s ownership of the facility. Since that time, Kinder Morgan has taken control of the facility and assumed responsibility for the cleanup of pollution on the site, spending nearly \$75 million thus far.<sup>22</sup> In a</p>

<sup>20</sup> Kenney, Kirk. “Aztecs will use former Chargers Park facility for spring football practice.” *San Diego Union Tribune*, February 7, 2018, [www.sandiegouniontribune.com/sports/aztecs/sd-sp-azfoot-spring-practice-chargers-park-0208-story.html](http://www.sandiegouniontribune.com/sports/aztecs/sd-sp-azfoot-spring-practice-chargers-park-0208-story.html).

<sup>21</sup> “Joint Statement of City and Kinder Morgan Inc. on Settlement of All Claims Related to Historical Contamination at Qualcomm Stadium Property.” *Office of the San Diego City Attorney*. June 17, 2016. [www.sandiego.gov/sites/default/files/nr160617a.pdf](http://www.sandiego.gov/sites/default/files/nr160617a.pdf).

<sup>22</sup> Ibid.

	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
	<p>If various City expenditures are required for redevelopment or environmental mitigation that are not reimbursable under existing City agreements, the City must give written notice to the Qualified Lessee, who will then be <u>required to pay these costs up front within 90 days</u>. The City would be responsible for the remediation of any new contamination discovered on the site not originally identified in environmental impact documents provided to the Qualified Lessee at the time the lease is executed.</p> <p><i>Because the lease and redevelopment of the property do not necessarily involve a full CEQA review with public input, it is possible that fewer measures may be taken to mitigate environmental impacts than would be required through a CEQA process.</i></p>	<p>The sale would require the City and any third parties with which it currently has agreements to complete any environmental remediation necessary under those agreements. <i>Again, this is a reference to the City's settlement with Kinder Morgan, Inc.</i></p> <p>Both the sale to SDSU and the Master Plan Revision process will require environmental impact reports to be drafted along with a full CEQA review and public input, which will identify environmental and traffic impacts and determine appropriate mitigation measures.</p> <p><i>There is a risk that any litigation related to CEQA could delay development, and CEQA review costs and subsequent litigation prior to any sale would be the responsibility of the City of San Diego.</i></p>	<p>2016 settlement agreement to a nine-year lawsuit, Kinder Morgan agreed to pay \$20 million to the City, as well as pay for any future environmental remediation costs that the City may incur if necessary as part of redevelopment on the site.</p> <p><i>CEQA review costs and subsequent litigation prior to any sale of the land would be the responsibility of the City of San Diego.</i></p>
<p><b>FEES, REGULATIONS, AND LEGAL MATTERS</b></p>	<p>The Qualified Lessee would be required to pay all development impact, building permit, affordable housing, and Regional Transportation Capital Improvement Project fees as well as property taxes and sales tax generated on the site. The lessee will also pay any legal fees incurred from claims resulting from the lessee's actions and occurrences on the property during the lease. It should also be noted that the Specific Plan allows for the use of community facilities districts or other local property assessment</p>	<p>The City's Public Utilities Department currently owns certain portions of the site and would be entitled to appropriate compensation for those portions. The sale would also require SDSU to pay applicable development impact, housing impact, and affordable housing fees, as well as comply with city parkland dedication requirements. Development would also need to comply with the City's Climate Action Plan. SDSU must develop the site in a manner which</p>	

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districts to pay for development and infrastructure.<sup>23</sup> *Further discussion of applicable taxes and fees can be found in Section 5.*

The Specific Plan required by the lease would also mandate the development and implementation of a Transportation Demand Management, Transportation Management Plan, and Parking Management Plan to guide development, traffic flow, and parking needs.

The new language in the Municipal Code added by the Initiative states the following:

“Nothing in any Lease shall require an expenditure of funds by the City beyond any expenditures already required by other existing City contracts, leases, or agreements, and should any such expenditure otherwise be necessary, any Lease shall provide that the Qualified Lessee shall advance to the City such necessary funds to avoid the need for any expenditure.”

permits and encourages the use of existing and potential future public transit.

*Of note, SDSU is a state public agency governed by its Board of Trustees, and therefore the City could not legally require SDSU to take any particular action. Regardless of the language adopted through the initiative, the City’s development regulations, fees, and processes would not legally apply. These requirements would need to be negotiated in a sales agreement between the City and SDSU.*

The City Attorney’s memo points out that costs for City staff time are not addressed by the initiative, which could again be addressed in a purchase and sale agreement, and various uncertainties throughout the initiative could lead to legal battles that would require the expenditure of City funds.<sup>25</sup>

Finally, the sale would not raise current taxes or create new taxes on San Diego residents. SDSU asserts that all development will be funded through the University and its private partners. *However, as noted above, there are several situations in which existing taxpayer dollars*

<sup>23</sup> San Diego River Park, Soccer City, and Qualcomm Stadium Redevelopment Specific Plan Section 8.17

<sup>25</sup> San Diego City Attorney Report, “SDSU West Campus Research Center, Stadium and River Park Initiative” (March 1, 2018): 13.

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However, the memo released by the City Attorney on this initiative points out that costs for City staff time are not addressed by the initiative, and various uncertainties throughout the initiative and the Development Agreement adopted along with the initiative could lead to legal battles that would require the expenditure of City funds.<sup>24</sup>

*could be spent, such as through City staff time, litigation expenses, or River Park improvements.*

*MLS SD Letter*

On May 18, 2017, MLS SD Pursuit LLC (MLS SD)—a limited liability company owned by members of Goal San Diego—sent a letter to Mayor Kevin Faulconer in an attempt to address certain concerns with the SoccerCity initiative. In the letter, MLS SD made several statements which it committed to incorporating into any future lease agreement with the City of San Diego. This letter is not a legally binding document and thus there is no certainty that these commitments would be upheld. Further details about claims made in the letter are discussed in Section 4.

<sup>24</sup> San Diego City Attorney Report, “Proposed Initiative for San Diego River Park and Soccer City” (May 23, 2017): 11.



**Section 2. Analysis of Fair Market Value Determination**

<b><i>AUTHORITY TO DETERMINE FAIR MARKET VALUE</i></b>	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
	<p>The SoccerCity initiative gives the <u>Mayor</u> the authority to determine the fair market value of the property. <i>This differs from current City Council policy, which would have the Council approve a lease agreement or minimum sale price, established by a current appraisal, which can then be met or exceeded by the purchase agreement price negotiated by the Mayor.</i><sup>26</sup> The calculation of fair market value is not meant to include the effects of any new zoning or development standards after the adoption of the initiative.</p>	<p>The SDSU West initiative gives the <u>City Council</u> the authority to determine the fair market value of the property, <i>which is in line with current municipal code regarding the sale of real property to public agencies.</i> The calculation of fair market value is meant to capture the value of the property on the notice date of the initiative, which was October 9, 2017<sup>27</sup>, and is not meant to include the effects of adoption of the Initiative.</p>	<p>Current San Diego City Council Policy Number 700-10 outlines procedures for the lease and sale of City-owned property. After a review, the Mayor decides if City-owned land is not needed for public purposes and can thus be leased or sold to another party.</p> <p>The City is to seek fair market value for its property without any discounts unless the Council deems so necessary. The market value should be based on a current appraisal, current economic conditions or market trends, and any special benefits to be gained from a sale or lease.</p> <p>If the City Council approves a property for sale, the Mayor may then execute a sale agreement at or exceeding a minimum price based on a current appraisal. Sales should be marketed to the widest possible audience to attract the best offer.</p> <p>The City can lease its property without issuing a request for proposals if properly justified and approved by City Council. Lease prices are to be based on fair market value, according to a current appraisal, and should be re-evaluated at least every five years.</p>

<sup>26</sup> City of San Diego Council Policy No. 700-10.

<sup>27</sup> San Diego City Attorney Report, “SDSU West Campus Research Center, Stadium, and River Park Initiative” (March 1, 2018): 7.

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<p><b><i>FACTORS TO CALCULATE FAIR MARKET VALUE</i></b></p>	<p><u>The Mayor</u> may use a variety of factors at his discretion to calculate the fair market value, including but not limited to the physical condition of the property, any permits or approvals required to develop the property, existing contamination and the value of existing agreements to clean up contamination, flood risk, habitat and existing agreements to preserve habitat, and costs to preserve, rehabilitate, or demolish SDCCU Stadium. Any independent appraisals submitted to estimate the value of the property are to be made public.</p> <p>The Mayor may also reduce the fair market value if important factors were not included in the fair market value calculation, such as the demolition of SDCCU Stadium, <u>the cost of any lease requirements involving third parties such as SDSU, the City’s right of property reversion, the option to purchase up to 79.9 acres,</u> and any other extraordinary costs or benefits that arise from the requirements of the lease.</p> <p>The minimum fair market value payment allowed under the initiative, after taking into account the discussed factors, is \$10,000. The proceeds of the lease will be delivered as a single lump-sum payment within 30 days of the lease execution and allocated by the Mayor into all applicable City funds, including the General</p>	<p><u>The City Council</u> may use a variety of factors, adjustments, deductions, and equities at their discretion to calculate the fair market value, including but not limited to the physical condition of the property, any permits or approvals required to develop the property, existing contamination, flood risk, habitat preservation, costs for revitalizing and restoring the River Park, and costs for demolition of SDCCU Stadium. Any independent appraisals submitted to estimate the value of the property are to be made public upon submittal to the City.</p> <p><i>Further analysis of the net fiscal impact to taxpayers that would result from the initiative can be found in Section 5.</i></p>	<p>The City of San Diego’s Real Estate Assets Department commissioned an independent appraisal of the Mission Valley stadium property and the Murphy Canyon site. The SDCCU Stadium property was valued at \$82.8 million, while the Murphy Canyon Chargers training center was valued at \$27.3 million. <i>If neither initiative is adopted by voters, the City could lease or sell the land based on this value.</i></p>

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Fund and Water Utilities Fund. The Mayor and Qualified Lessee may agree to change the payment structure if these changes do not prevent the City from receiving fair market value.<sup>28</sup>

In an independent appraisal released in June 2017, the SDCCU Stadium property was valued at \$82.8 million, while the Murphy Canyon Chargers training center was valued at \$27.3 million.<sup>29</sup> This appraisal assumes there are no unknown soil contaminants and does not discount any costs for the existing stadium. SoccerCity investors have, at various points in time, committed to honoring this appraisal, and noted that they are willing to pay the lease in several payments over time as opposed to one lump-sum payment.<sup>30</sup>

*Further analysis of the net fiscal impact to taxpayers that would result from the initiative can be found in Section 5.*

<sup>28</sup> “San Diego River Park and Soccer City Initiative,” Section 61.2803(c)(26).

<sup>29</sup> Davis, David. “Appraisal Report: Qualcomm Stadium Property.” *D.F. Davis Real Estate, Inc.* May 26, 2017. [www.voiceofsandiego.org/wp-content/uploads/2017/06/Qualcomm-2017-Appraisal-Davis-FINAL.pdf](http://www.voiceofsandiego.org/wp-content/uploads/2017/06/Qualcomm-2017-Appraisal-Davis-FINAL.pdf).

<sup>30</sup> Kang, Gene. “SoccerCity developers discuss project’s status at news conference.” *CBS News 8.* June 13, 2017. [www.cbs8.com/story/35655499/soccercity-developers-discuss-projects-status-at-news-conference](http://www.cbs8.com/story/35655499/soccercity-developers-discuss-projects-status-at-news-conference).

**Section 3. Analysis of Stadium Costs and Requirements**

**Table 1: SDCCU Stadium Annual Operating Costs**

Year	Revenues*	Expenditures	Net Operating Loss
<b>FY 2019 (Proposed)</b>	\$3,030,309	\$15,756,305	(\$12,725,996)
<b>FY 2018</b>	\$3,030,309	\$23,861,280	(\$20,830,971)
<b>FY 2017</b>	\$6,943,958	\$20,410,737	(\$13,466,779)
<b>FY 2016</b>	\$10,155,707	\$20,824,335	(\$10,668,628)
<b>FY 2015</b>	\$6,033,902	\$15,546,087	(\$9,512,185)
<b>FY 2014</b>	\$6,915,488	\$16,467,691	(\$9,552,203)
<b>FY 2013</b>	\$8,036,956	\$15,793,897	(\$7,756,941)
<b>FY 2012</b>	\$6,546,849	\$16,211,071	(\$9,664,222)
<b>FY 2011</b>	\$6,792,994	\$12,935,858	(\$6,142,864)
<b>FY 2010</b>	\$6,850,959	\$18,080,125	(\$11,229,166)

*Source: Data in the table was taken from City of San Diego Qualcomm/SDCCU Stadium budgets for FY 2009-2019. \*Revenues do not include transfers in from other funds to support stadium operations. Revenues do include charges for current services, licenses, permits, rents, concessions, and interest earnings.*

	<b>SOCCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
<b><i>SDCCU STADIUM DEMOLITION</i></b>	Goal SD would be required to pay for and carry out the demolition of the existing stadium, including costs for required permits. This would result in one-time savings for the City of San Diego of approximately \$15 million for the	SDSU would be required to demolish the existing stadium at no cost to the City of San Diego. This would result in one-time savings for the City of San Diego of approximately \$15 million for the demolition, and the demolition also results in the elimination of any SDCCU Stadium deferred maintenance liability, which is estimated to be over \$80 million. The university has stated that	<i>Should both initiatives fail, the City of San Diego would be responsible for the continued operations and maintenance of SDCCU Stadium until at least the completion of its existing lease in 2018, or later should it choose to extend the lease. As discussed, without subsidies from other City funds, operations and maintenance of SDCCU Stadium can cost the City upwards of</i>

SOCCERCITY	SDSU WEST	IF BOTH INITIATIVES FAIL
<p>demolition<sup>31</sup>, and the demolition also results in the elimination of any SDCCU Stadium deferred maintenance liability, which is estimated to be over \$80 million.<sup>32</sup></p> <p><u>The City of San Diego would be required to pay for the continuing operations and maintenance of SDCCU Stadium until its demolition, which currently cost the city millions of dollars each year. The lessee is not required to demolish the stadium until after the completion of the new stadium, mixed-use development, and River Park.</u> Estimated revenues and costs for the annual operations and maintenance of SDCCU Stadium are outlined in Table 1. The City would be prohibited from extending any existing leases, or creating new leases, for SDCCU Stadium beyond the later of December 31, 2020 or 30 days after the date of completion of the new stadium.</p> <p>The City is currently negotiating an extension of its lease with SDSU for the use of SDCCU Stadium for collegiate football games. If the City does not extend its lease with SDSU, the stadium</p>	<p>all development will be paid through current SDSU resources or through bonds that will be repaid from revenue generated from the development.<sup>34</sup></p> <p><u>At the time of the sale, SDSU would take over cost responsibility for operations, maintenance, and capital improvements of SDCCU Stadium.</u> As the ongoing costs would shift to SDSU (see Table 1), the university would be incentivized to promptly demolish SDCCU Stadium. <i>For the time that SDSU must pay for SDCCU Stadium operations and maintenance, there are no requirements for how these costs must be funded.</i> SDSU has stated that no state appropriation dollars or student tuition will be relied upon to pay these costs. The University plans to fund ongoing operations and maintenance with revenue generated by the facility and its events, as well an existing student fee that provides some support to athletics.</p> <p>SDSU expects the existing stadium demolition to begin upon completion of the new multi-use</p>	<p><i>\$20 million dollars per year. When the lease for the SDCCU Stadium expires, the building will sit vacant but could continue to be rented out for special events—at some risk of liability or increased costs due to continuing deferred maintenance most recently estimated at \$80 million. To develop the site for other purposes, the City would need to pay for the stadium’s demolition, estimated to be \$15 million, and then (a) utilize normal planning processes, (b) generate their own ballot initiative, or (c) solicit proposals to make any substantive changes.</i></p> <p><i>Regardless of the success or failure of either initiative, the City will continue to be responsible for paying off the principal and interest of its 1996A San Diego Jack Murphy Stadium Lease Revenue Bonds, which have since been refunded as 2010A General Fund Lease Revenue Refunding Bonds, with General Fund monies. As of June 2017, the City had \$36,965,000 outstanding principal<sup>37</sup> and nearly \$10 million outstanding interest<sup>38</sup> on its stadium bonds, which mature in FY 2027.</i></p>

<sup>31</sup> NFL Relocation Committee. “San Diego Chargers Stadium Design Concept.” *The City of San Diego*. August 10, 2015. Accessed May 1, 2017.

[https://www.sandiego.gov/sites/default/files/legacy/mayor/pdf/20150810\\_CityofSDChargersMissionValleyPresentation.pdf](https://www.sandiego.gov/sites/default/files/legacy/mayor/pdf/20150810_CityofSDChargersMissionValleyPresentation.pdf)

<sup>32</sup> Citizens’ Stadium Advisory Group. “Stadium Information and Research.” *The City of San Diego*. Accessed May 1, 2017. <https://www.sandiego.gov/real-estate-assets/links/stadiumdocs>

<sup>34</sup> “SDSU Mission Valley. *San Diego State University*. 2018. [www.advancement.sdsu.edu/missionValley/www/index.html](http://www.advancement.sdsu.edu/missionValley/www/index.html).

<sup>37</sup> Debt Management Department. “Fiscal Year 2018 Debt Obligations.” *City of San Diego Fiscal Year 2018 Adopted Budget*. San Diego: City of San Diego, 2018.

[www.sandiego.gov/sites/default/files/fy18ab\\_v1debtobligations.pdf](http://www.sandiego.gov/sites/default/files/fy18ab_v1debtobligations.pdf).

<sup>38</sup> Lewis, Mary. Memo to the San Diego City Council. Public Facilities Financing Authority, San Diego (May 21, 2010). [www.voiceofsd.org/wp-content/uploads/2013/05/4c87ce464a81b.pdf](http://www.voiceofsd.org/wp-content/uploads/2013/05/4c87ce464a81b.pdf)

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<p>would likely close and there would be minimal costs for continuing maintenance. Should the City extend the lease, some University donors have suggested that SDSU could cover the costs of ongoing operations and maintenance, but this could present issues with City policies for competitive bidding.<sup>33</sup> Alternatively, the University could continue to lease the stadium for some value that removes a certain level of operations and maintenance costs for the City. As negotiations are still underway, it is unclear how much the City will be required to spend annually on operations and maintenance costs going forward.</p> <p>The initiative allows the property to revert to the City if a new stadium is not built within seven years from the execution of the lease, and there is no specific timeline requirement for demolition. <i>If Goal SD meets its intended timeline to demolish the stadium after the current leases expire—between March 2021 and January 2022—the City would only face ongoing costs for about three years. This would amount to an estimated \$38 million operating loss, assuming the City was responsible for the full costs of operating and maintaining the stadium in a lease</i></p>	<p>stadium in 2022. This is dependent on the timeliness of the sale to SDSU and any potential litigation. <i>Given that the site will undergo a CEQA review as part of the Campus Master Plan revision process, SDSU could face operations and maintenance costs for SDCCU Stadium for several years while it waits for approval to construct a new stadium. In 2017, SDSU paid \$153,554 to the City to rent the stadium, as well as \$666,980 in direct expenses, for SDSU football games.<sup>35</sup> Incurring costs for operating and maintaining SDCCU Stadium could increase the expected cost to SDSU by over 1,700%, or potentially more than \$14 million per year.<sup>36</sup> If the stadium is demolished in 2022 and cost trends remain the same as they are today, the University could face costs of more than \$60 million.</i></p> <p><i>It is also possible that the University could operate the existing stadium more efficiently than the City currently does. SDCTA analyzed operating costs for other CSU schools with football teams. California State University, Fresno saw a \$24.5 million operating loss for its athletic department in fiscal year 2016, San Jose State University budgeted an approximately \$4 million operating loss for its athletic department</i></p>	

<sup>33</sup> Lewis, Scott. “Deal Between City and SDSU to Keep Playing Football at SDCCU Stadium Still Elusive.” *Voice of San Diego*. January 4, 2018. [www.voiceofsandiego.org/topics/news/deal-city-sdsu-keep-playing-football-sdcca-stadium-still-elusive](http://www.voiceofsandiego.org/topics/news/deal-city-sdsu-keep-playing-football-sdcca-stadium-still-elusive).

<sup>35</sup> Ibid.

<sup>36</sup> To make this calculation, SDCTA used estimated stadium operating expenditure figures from the City of San Diego’s Fiscal Year 2019 Proposed Budget.

	<b>SOCCECITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
	<p><i>extension with SDSU. Again, if the lease is extended and SDSU is made responsible for operations and maintenance of SDCCU Stadium, the City could face no additional costs. The orderly demolition of the stadium would be dependent on the timeliness of acquiring the proper permits and the timeliness of construction of the new stadium.</i></p>	<p><i>in fiscal year 2018. While these systems may operate more efficiently than SDCCU Stadium, the departments still saw a loss without the transfer of funds from other sources. As such, it is likely the SDSU would face some level of cost for the continued operations of SDCCU Stadium.</i></p> <p><i>Of note, the sale to SDSU would require appropriate environmental review before execution. The City would still be responsible for paying operations and maintenance costs for SDCCU Stadium until this review is complete, depending on the terms of any potential lease extension between the City and the University. If the existing lease is extended and SDSU agrees to fund ongoing operations and maintenance after 2018, these costs would fall on the University. If the City remains responsible for these costs, they would continue to experience millions of dollars in operating losses per year.</i></p>	
<p><b>JOINT USE STADIUM CONSTRUCTION</b></p>	<p>If investors can secure an MLS team for the location, the SoccerCity Initiative would require the development of a new professional soccer stadium, with the potential for joint use with collegiate football, of up to 32,000 seats. <u>The stadium would be built with 33,500 seats with the ability to expand to 40,000 seats if Goal SD and</u></p>	<p>SDSU and its partners—without relying on student tuition or state appropriation dollars—would pay for the construction of a new <u>35,000 seat multi-use stadium</u> estimated at \$250 million, including site preparation and stadium construction but not the cost of the land.<sup>40</sup> Debt service on bonds issued to construct the stadium</p>	<p><i>As the City has no other plan that the lease or sale would preclude, any new joint use stadium would first have to be planned and then subsequently financed.</i></p>

<sup>40</sup> Chris Jennewein. “SDSU Details Plans for New \$250 Million Stadium in Mission Valley.” *Times of San Diego*. November 30, 2017. [www.timesofsandiego.com/sports/2017/11/30/sdsu-details-plans-for-new-250-million-stadium-in-mission-valley](http://www.timesofsandiego.com/sports/2017/11/30/sdsu-details-plans-for-new-250-million-stadium-in-mission-valley).

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SDSU come to an agreement to share the stadium. Goal SD would be required to pay for the construction of the new stadium as well as its continuing operations, maintenance, and capital improvement costs. Stadium construction is estimated at \$250 million including costs for land and site preparation. Goal SD expects to complete construction of the new stadium by March 2021, in time for the 2021 MLS season. This could be delayed by litigation from project opponents and typical construction-related risks.

The City would be reimbursed for reasonable costs of providing public safety at stadium events.

Goal SD is required to pay prevailing wage for the construction of the new stadium. Prevailing wage is the basic rate paid on public works projects to a majority of workers in a particular field and location. California law requires that prevailing wage be paid on public works projects so that contracts are not awarded based on competitors paying lower wages.<sup>39</sup>

will be paid back with stadium revenue, such as fees, rents, concessions, and private donations.<sup>41</sup> The stadium would be used by the university’s football team and would be able to accommodate professional sports, including football and soccer, high school sports, NCAA championships, and concerts. SDSU expects construction to begin by 2020 and complete before the beginning of the 2022 season. This is dependent on the timeliness of the sale to SDSU, timeliness of the completion of environmental review, potential litigation, and construction-related risks.

SDSU and its partners would be responsible for the payment of operations, maintenance, and capital improvement costs for the new stadium. The University plans to fund ongoing operations and maintenance with revenue generated by the facility and its events, as well as an existing student fee that provides some support to athletics.

The City would be reimbursed for reasonable costs of providing public safety at stadium events.

SDSU would pay prevailing wages for the construction of the new stadium if State funds are

<sup>39</sup> “Frequently Asked Questions – Prevailing Wage.” *State of California Department of Industrial Relations*. September 2017. [www.dir.ca.gov/OPRL/FAQ\\_PrevailingWage.html](http://www.dir.ca.gov/OPRL/FAQ_PrevailingWage.html).

<sup>41</sup> Showley, Roger and Jeanette Steele. “Aztec Stadium: \$250M and 5 years away.” *San Diego Union-Tribune*. November 30, 2017. [www.sandiegouniontribune.com/business/growth-development/sd-fi-sdsu-stadium-details-drawings-20171130-story.html](http://www.sandiegouniontribune.com/business/growth-development/sd-fi-sdsu-stadium-details-drawings-20171130-story.html).



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used, as required by the initiative and by California law. SDSU would also make a good faith effort to both ensure that work is given to local residents and retain qualified employees of SDCCU stadium.

**Section 4. Analysis of Site Plans and Planning Process**

	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
<p><b><i>SITE PLAN</i></b></p> <p>An asterisk * indicates that the item is not legally binding.</p>	<p>The San Diego River Park, Soccer City, and Qualcomm Stadium Redevelopment Specific Plan (Specific Plan) is a document attached as an exhibit to the SoccerCity initiative. The Specific Plan outlines planning and land use policies and regulations for a maximum intensity of development on the site, and development is required to be complete <b>consistent with</b> the Specific Plan. <i>Please see Section 1 for more information required minimum development in the initiative. Of note, though the initiative outlines minimum required developments, the lessee would be economically incentivized to develop much more than the minimums due to the sizable upfront investment it would have made prior to construction.</i></p> <p>A specific plan is a tool that can help developers implement the vision of the City of San Diego General Plan and other community plans. The Specific Plan includes possible site plans that are conceptual and not regulatory, though the zoning regulations, design standards, and land use policies are regulatory in nature. Development guided by the Specific Plan is not required to occur in any specific order.</p>	<p>While the SDSU West initiative does not include detailed plans for development, San Diego State University has created a plan for the development of the site should the sale take place. This plan is called SDSU Mission Valley.<sup>43*</sup></p> <p><b>The plan is conceptual and not required</b>, as final development will be approved by the CSU Board of Trustees through the Campus Master Plan revision process. The University expects that the Trustees will approve the plan. <i>Please see Section 1 for more information required development in the initiative. Of note, the University would be incentivized to approve the plan expeditiously due to its responsibility for ongoing operations and maintenance of SDCCU Stadium once the sale is complete and due to the seven-year deadline by which it must build the new stadium.</i></p> <p>Though not required through the Campus Master Plan revision process, the SDSU West Initiative requires that SDSU will use the content requirements and level of detail of a City of San Diego specific plan. This means that, rather than producing a typical Campus Master Plan focused on educational facilities, the University would</p>	

<sup>43</sup> “SDSU Mission Valley.” *San Diego State University*, 2018. [www.advancement.sdsu.edu/missionValley/www/index.html](http://www.advancement.sdsu.edu/missionValley/www/index.html).

SOCCERCITY	SDSU WEST	IF BOTH INITIATIVES FAIL
<p>The maximum amount of development allowed on the site is capped by a peak level of daily traffic—71,533 total driveway average daily traffic, 4,849 AM peak hour trips, and 7,150 PM peak hour trips—in order to minimize impacts on traffic in the area. <i>Actual amount of development may vary based on factors such as market conditions and regulatory approval.</i></p> <p><i>As discussed in Section 1, MLS SD Pursuit LLC (MLS SD)—a limited liability company owned by members of Goal San Diego—made various offers with regard to the development of the site and proposed lease terms in a letter to Mayor Faulconer on May 18, 2017.<sup>42*</sup> <b>This letter is not a legally-binding</b> document but has been referenced by the group several times in discussions surrounding the initiative. This analysis will provide the details of these offers below, but SDCTA emphasizes that they are not legally enforceable unless negotiated as part of a lease agreement. Additionally, several of the offers in the letter were dependent on SDSU entering into a binding stadium joint venture with Goal San Diego by December 31, 2017, which did not occur. The group still contends that it will still uphold these offers if SDSU enters into a binding stadium joint venture. If the same</i></p>	<p>produce a detailed site plan with text and diagrams that outline the distribution and location of land uses and necessary infrastructure, as well as implementation measures.</p> <p>SDSU expects to fund the initial investment related to the development in its site plan (i.e. land acquisition, River Park and open space, horizontal infrastructure, and traffic mitigation) through revenue bonds repaid with revenue generated from long-term ground leases covering the commercial, campus, retail, and residential portions of the site. The University also expects development on the site to be fully complete approximately 15 years after a purchase and sale agreement is signed with the City of San Diego.</p>	

<sup>42</sup> MLS SD Pursuit LLC. MLS SD Pursuit LLC to the Honorable Mayor Kevin L. Faulconer. May 18, 2017. In *Voice of San Diego*, accessed May 4, 2018. [www.voiceofsandiego.org/wp-content/uploads/2017/05/soccercitymayor.pdf](http://www.voiceofsandiego.org/wp-content/uploads/2017/05/soccercitymayor.pdf).

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**IF BOTH INITIATIVES FAIL**

*timeline is assumed based on the expected election in 2017, then Goal San Diego would uphold these agreements if SDSU enters a binding stadium joint venture by December 31, 2018.*

In its letter to the Mayor, MLS SD offered to agree to a lease structure that is in line with the City Real Estate Assets Department's preferences and the opportunity for periodic review.\* The lease would also include additional annual payments of 10 percent of fair market value throughout the lease duration and negotiations to protect the City against litigation.\* Additionally, MLS SD agreed to host at least 8 community meetings both prior to and following the election to seek public input on development and amenities.\*

*Lastly, it would appear that there could be contradictions between the offers in the letter and what would be allowed under the language of the initiative. For example, the initiative indicates that the contribution to the River Park would be capped at \$20 million and would not be subject to timelines or mandatory completion dates, but the letter offers otherwise. It is unclear whether these terms could be negotiated despite contradicting the initiative language.*

<b>PLANNING PROCESS</b>	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
<p>An asterisk * indicates that the item is not legally binding.</p>	<p>The initiative requires that any lease adopted by <u>the City must contain certain provisions for development according to the Specific Plan</u>, depending on the ability of the lessee to acquire necessary permits and other regulatory approvals. If approved by voters, the Specific Plan and other aspects of the initiative cannot be amended without a public vote until January 1, 2033. The development regulations laid out in the Development Agreement could not be amended by the City Council or public vote until 2039 unless terminated by the parties.</p> <p>Staff at the City of San Diego must review and manage implementation of the Specific Plan, such as through permit approvals, to ensure that it complies with City regulations and procedures.<sup>44</sup> The initiative differs from the City’s typical planning process in a variety of ways, including by excluding public hearings, eliminating normal discretionary approvals, and requiring approval of the Mayor rather than City Council.</p>	<p>Before the City approves the sale, it must complete an environmental review for proposed development on the site. SDSU expects to be presented with a purchase and sale agreement for approval by mid-2019. <u>The site will be officially planned through the Campus Master Plan process</u>, which requires full CEQA review and approval by the CSU Board of Trustees. The University has stated that it hopes to have the environmental impact report created through the CEQA review approved by January 2020.</p> <p>The Campus Master Plan is a document outlining current and future development on the campus, as well as strategies to carry out those plans. The revision process involves the cooperation of SDSU, CSU, public agencies, and the community.</p> <p><i>As the CSU Board of Trustees has ultimate authority to determine development of the site through the Campus Master Plan revision process, there is no guarantee that the development outlined in SDSU Mission Valley plan will be adopted by the Trustees. As with development plans proposed through other government entities, the SDSU Mission Valley plan is conceptual and may be shaped through public input and other aspects of the Campus</i></p>	<p>The City of San Diego has many policies and procedures in place to regulate the process for developing property within city limits. These include permitting requirements and other approvals, zoning requirements, development standards and codes, environmental review, requirements for public notice and review, inspection, and certification.</p> <p>Generally, changing the permitted uses on the site would require that the City Council find that the site is not required for public purposes, a General Plan amendment, a Mission Valley Community Plan amendment, zoning ordinance amendments, planned district ordinance amendments, and consideration by the Mission Valley Planning Group, Planning Commission, and City Council. CEQA compliance would also be required.</p>

<sup>44</sup> San Diego River Park, Soccer City, and Qualcomm Stadium Redevelopment Specific Plan, p. 8.7.

	SOCCERCITY	SDSU WEST	IF BOTH INITIATIVES FAIL
		<p><i>Master Plan revision process. However, as with other projects, the City of San Diego may require certain development, environmental remediation, or other terms as part of a purchase and sale agreement.</i></p>	
<p><b>STADIUM</b></p> <p>An asterisk * indicates that the item is not legally binding.</p>	<p>The Specific Plan outlines the development of a new stadium for professional sports of up to 32,000 seats with the option to expand to 40,000.* <u>Should the stadium be used solely for professional soccer, it would likely be built with 23,500 seats.</u><sup>45</sup></p> <p>In its May 2017 letter to the Mayor, MLS SD committed to building the stadium to accommodate SDSU collegiate football with <u>33,500 seats and the opportunity for expansion to 40,000 seats</u> if SDSU agrees to enter into a stadium joint venture.*</p> <p>In its letter, MLS SD also stated that it would not build a stadium if an MLS franchise was not awarded to the City of San Diego.* In this situation, MLS SD has stated that the lease will terminate, it will not proceed with any development, and the site will return to the City, leaving the option open for SDSU to lease the land. <i>The City Attorney's memo on the initiative indicates that the wording of the initiative would</i></p>	<p>The SDSU Mission Valley plan includes the development of a new <u>35,000-seat</u> multi-use stadium in the northwest corner of the property. <u>In addition to collegiate football, potential uses include professional and collegiate soccer, concerts, and other community events.</u></p> <p>The stadium will also include the option to <u>expand to 55,000 seats should an NFL team return to the City of San Diego</u> and find itself in need of a home stadium.</p>	<p>See Section 1.</p>

<sup>45</sup> MLS SD Pursuit LLC letter to the Honorable Mayor Kevin L. Faulconer.

	SOCCERCITY	SDSU WEST	IF BOTH INITIATIVES FAIL
	<p><i>not allow the City to proceed with development on the site. The land would sit vacant if no other Qualified Lessee came forward, and the City would be unable to use the property until the end of the lease or the amendment of the initiative through public vote or by Council in 2033.<sup>46</sup> The actual status of the land and ability of the City to develop the site would likely be determined through litigation if this situation arose.</i></p> <p><u>The Initiative also provides the option for a professional football team to locate on 16 acres reserved for a stadium that can accommodate both NFL and SDSU collegiate football. The lessee is only required to reserve this land for five years after the date that the initiative becomes effective.</u></p>		
<p><b>RIVER PARK AND OPEN SPACE</b></p> <p>An asterisk * indicates that the item is not legally binding.</p>	<p>The Specific Plan outlines the creation of a <u>34-acre</u> River Park and 12 acres of active use fields, required by the initiative, as well as 9 acres of neighborhood parks* on the stadium site.</p> <p>In its letter to the Mayor in May 2017, MLS SD offered to build the River Park “in all circumstances,” as well as maintaining the park throughout the entirety of the lease in addition to the other population-based parks proposed throughout the site.* The group also offered to</p>	<p>The SDSU Mission Valley plan calls for a <u>75 acres of community parks</u>, including a community River Park, which will be revitalized and restored from land on the stadium site surrounding the San Diego River.* The University estimates the cost of the River Park to be at least \$40 million. This also includes 47 acres of active and passive parkland, 16 acres of shared SDSU and community parks, 3 acres of community parking and access, 1 acre reserved</p>	<p>Adopted in 2013, the San Diego River Park Master Plan provides policy guidelines and recommendations to be considered during the development process for land surrounding the San Diego River. See Section 1 for additional details.</p> <p>The San Diego General Plan also outlines standards for developing parks and recreation facilities throughout the City.</p>

<sup>46</sup> San Diego City Attorney Report, “Proposed Initiative for San Diego River Park and Soccer City” (June 15, 2017): 10.

	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
	provide 60 acres of community and population-based parks that are consistent with the adopted goals of the San Diego River Park Foundation with input from the Mission Valley community.*	for a City Aquatic and Recreation center, and 4 miles of hiking and bike trails on 8 acres.  The plan also calls for an <u>additional 14 acres of open space</u> .* This includes 5 acres of paseos and public plazas and 9 acres of campus parks and green space, which when added to the community parks accounts for 89 total acres of open space or roughly 52 percent of the site.	
<b>RETAIL</b>  An asterisk * indicates that the item is not legally binding.	The Specific Plan outlines the development of <u>740,000 square feet of retail space</u> , subject to traffic limits discussed above.* The minimum development required is three percent of total gross square footage on the site. Retail would include site-serving retail, restaurants, gym facilities, and other businesses that would support day-to-day needs of residents and visitors.	The SDSU Mission Valley plan calls for an estimated <u>95,000 square feet of retail space</u> .* Proposed retail would include businesses that can support game-day activities as well as residents, employees, students, and visitors throughout the year. Possible uses include a grocery store, restaurants, and entertainment retail.	
<b>OFFICE</b>  An asterisk * indicates that the item is not legally binding.	The Specific Plan outlines the development of <u>2.4 million square feet of office space</u> .* The minimum development required is ten percent of total gross square footage on the site. Some of this office space would include space for research and development.	The plan outlines <u>1.6 million square feet of commercial space</u> that is envisioned for office and research space for faculty researchers, staff, and students as well as incubator space for the university and its many industry partners.* Private sector partners will be able to ground lease space from the university, though some or	



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<b>HOTEL</b>	The Specific Plan outlines the development of <u>450 hotel rooms</u> on the site.*	all may return to the university as it needs space to satisfy its expansion needs. <sup>47</sup>	
An asterisk * indicates that the item is not legally binding.		The site plan includes both a <u>250-room</u> conference hotel with 40,000 square feet of meeting space and a <u>150-room</u> select service hotel.* The larger hotel would also be a resource for graduate and undergraduate SDSU students studying hospitality and tourism management.	
<b>HOUSING</b>	The Specific Plan outlines the development of <u>4,800 multi-family residential units</u> , including 800 student-focused housing units.*	The University's site plan calls for approximately <u>4,500 units</u> of market-rate and affordable housing.* Some of these units will be used for faculty, staff, and upper-division and graduate students, and others will be available for the general public.	<i>The SANDAG Regional Housing Needs Assessment outlines the need for 88,096 new homes in the City of San Diego by 2020, including 38,680 homes for individuals with low and very low income. As of the City's 2017 Housing Element Annual Report, the City still needs to issue permits for an additional 54,937 new units, including 34,270 units for low and very low income individuals.</i> <sup>48</sup>
An asterisk * indicates that the item is not legally binding.	The plan also calls for the greater of 80 units or 10 percent of total housing units designated as affordable housing. <u>This requirement applies ten years after the effective date of the lease. If 4,800 units are built, 480 units would need to be classified as affordable housing. This is in line with the City's affordable housing requirements.</u>	The University has stated that it will come to agreements with private developers who have built these townhomes and other residential buildings to reserve housing for its faculty and students.	
		The SDSU Mission Valley site plan also calls for affordable housing that falls in line with the City of San Diego's requirements at 10 percent of total units; this is a requirement of the initiative as a condition of any purchase and sales agreement.	

<sup>47</sup> "SDSU Reveals It Doesn't Need Qualcomm Stadium Land... Yet." *Voice of San Diego*, March 24, 2017, [www.voiceofsandiego.org/topics/land-use/sdsu-reveals-it-doesnt-need-qualcomm-stadium-land-yet](http://www.voiceofsandiego.org/topics/land-use/sdsu-reveals-it-doesnt-need-qualcomm-stadium-land-yet).

<sup>48</sup> *City of San Diego Housing Element Annual Report 2017*. City of San Diego, March 23, 2018, [www.sandiego.gov/sites/default/files/2017\\_apr.pdf](http://www.sandiego.gov/sites/default/files/2017_apr.pdf).

	SOCERCITY	SDSU WEST	IF BOTH INITIATIVES FAIL
		<i>If 4,500 units of housing are developed, 450 units would need to be classified as affordable housing.</i>	
<p><b>UNIVERSITY FACILITIES</b></p> <p>An asterisk * indicates that the item is not legally binding.</p>	<p>The Specific Plan does not reserve space for the expansion of San Diego State University.</p> <p>In its letter to the Mayor in May 2017, Goal San Diego committed to provide SDSU with the option to secure 47 acres of land on the site.* This includes 12 acres of land under the stadium and 5 adjacent acres, which would be gifted to the University. In addition to these twelve acres, SDSU could choose one of the following options:</p> <ul style="list-style-type: none"> <li>• “Controlled Destiny – 10 contiguous acres as a pro rata partner in the land, development and parking preparation expenses</li> <li>• Build to Suit for Near Term Needs – we will offer to build to suit any amount of the indicated needs for 2,000 units of student housing and 200,000 sq. ft of scientific research facilities for delivery by no later than 2024</li> <li>• Long Term Needs Satisfaction – 30 acres of developed land can be acquired at fair market value 30 years out, consistent with SDSU’s articulated starting point for its long-term needs.”<sup>49</sup></li> </ul>	<p>The SDSU Mission Valley plan focuses on the expansion of the University. As such, it outlines <u>1.6 million square feet of campus and office space</u> located next to the stadium.* These campus and office facilities will be developed in conjunction with the private sector and provide space for researchers, faculty, staff, and students and incubator space for the university and its partners.</p>	

<sup>49</sup> MLS SD Pursuit LLC the Honorable Mayor Kevin L. Faulconer, p. 3.

	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
<p><b><i>MURPHY CANYON PROPERTY</i></b></p> <p>An asterisk * indicates that the item is not legally binding.</p>	<p><u>The Specific Plan calls for the repurposing of the existing training facility</u> (located on the site) for athlete accommodations for visiting and home professional sports teams. The existing practice fields would be redesigned, and two new full-sized soccer fields would be created. The facility would also be used to house youth soccer academies for boys and girls.</p>	<p>The Murphy Canyon Site would not be included in the sale and would remain under the control of the City.</p>	<p>The former Charger’s Training Center Murphy Canyon became vacant in July when the team moved to Los Angeles. Taxpayers now fund maintenance and repair with no lessee to contribute funds for these purposes. The City could enter into leasing agreements for the property in the future. See Section 3 for further details.</p>
<p><b><i>TRAFFIC IMPROVEMENTS</i></b></p> <p>An asterisk * indicates that the item is not legally binding.</p>	<p>The Specific Plan references several required improvements which would be funded by the developer, including to curbs, gutters, sidewalks, street trees, and street lighting. The lessee would also fund and complete on-site traffic improvements and pay for its share of the off-site improvements outlined in the Specific Plan. Goal San Diego has stated that it expects to fund \$50 million in traffic improvements based on an estimate from a civil infrastructure contractor.* It is possible that the City could negotiate further required traffic improvements as part of a lease agreement.</p> <p>Development in the SoccerCity plan would be built to accommodate existing and future transit lines.</p> <p>The traffic analysis used in the Specific Plan outlines a maximum of <u>71,533 total driveway average daily traffic (ADT)</u>, 4,849 AM peak hour</p>	<p>The CEQA review process requires the identification of environmental and traffic impacts as well as appropriate mitigation measures, and it allows for public input. These mitigation measures will be discussed with and reviewed by the agencies having jurisdiction over the impacted transportation elements throughout the CEQA review process. The City may also identify environmental and traffic impacts that are required as a condition of the sale, or it could negotiate traffic and other off-site impact thresholds and corresponding fair share mitigation costs through a purchase and sale agreement with SDSU.</p> <p>SDSU Mission Valley would be built to accommodate existing and future transit lines.*</p> <p>While a traffic analysis will be complete as part of CEQA review, SDSU worked with a transportation consultant to create a draft</p>	<p><i>The City of San Diego’s Traffic Impact Study Manual outlines procedures and requirements for performing traffic impact studies, including the measurement of ADT. Traffic impact studies help identify the impacts of proposed development and any needed traffic improvements to maintain quality service throughout the city.</i></p> <p><i>The City’s Climate Action Plan also calls for a significant decrease in Vehicle Miles Traveled (VMT), and proposed development is evaluated against this plan when the City determines appropriate environmental mitigation to address impacts of development.</i></p> <p><i>In 2013, the California Legislature adopted Senate Bill 743 (SB 743), which made several changes to CEQA for transit-oriented development. SB 743 creates CEQA exemptions for projects that are consistent with specific</i></p>

<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
<p>trips, and 7,150 PM peak hour trips created by development.</p> <p>In December 2017, SANDAG released its own independent traffic analysis of the proposed SoccerCity development. It found that the proposed development in the Specific Plan would create on an average weekday 97,000 ADT, or nearly 26,000 ADT more than estimated by SoccerCity planners.<sup>50</sup> The study also found that vehicle miles traveled—a measure of the total amount of driving by people in the area—would be well below regional and City averages. SANDAG used different assumptions in its model, which created the different estimates. It should also be noted that SANDAG has not and will not complete a traffic study for the SDSU West Initiative.</p> <p>SDCTA does not contend the validity or superiority of either traffic analysis. However, it should be noted that (a) SoccerCity’s traffic analysis does not measure vehicle miles traveled (VMT) on the site and (b) though SANDAG’s traffic analysis indicates that more commuters will use public transit than on average in the City, estimated commuters using transit would only amount 5.1 percent. The goals in the City of San Diego’s Climate Action Plan call for a</p>	<p>preliminary traffic analysis. This analysis estimates that the SDSU Mission Valley site plan would create approximately <u>55,140 ADT</u>, 5,114 AM peak hour trips, and 6,069 PM peak hour trips. <i>It should be noted that SDSU’s traffic analysis does not measure VMT on the site. The goals in the City of San Diego’s Climate Action Plan call for a reduction in vehicle miles traveled and a significant increase in the use of public transit.</i></p>	<p><i>plans and aesthetic and parking impact exemptions for projects that meet certain criteria, including that the project is located within a transit priority area (TPA). A TPA is an area located within a half-mile of a major transit stop. The exemptions created by SB 743 could lead to fewer traffic mitigation requirements in any future development in the City. However, the City may be able to negotiate for specific environmental mediation measures in a future lease or sales agreement.</i></p>

<sup>50</sup> *Qualcomm Stadium Redevelopment*. San Diego Association of Governments, December 2017, [www.voiceofsandiego.org/wp-content/uploads/2017/12/QRD\\_ModelingResults.pdf](http://www.voiceofsandiego.org/wp-content/uploads/2017/12/QRD_ModelingResults.pdf).

	<b>SOCCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
	<i>reduction in vehicle miles traveled and a significant increase in the use of public transit.</i>		
<p><b><i>PARKING SPACES</i></b></p> <p>An asterisk * indicates that the item is not legally binding.</p>	<p>The Specific Plan outlines minimum parking requirements per unit or square foot for each type of development proposed on the site. These requirements are in line with City municipal code requirements for transit priority areas.<sup>51</sup> These ratios could be reduced by the City if it is found that there is (a) sufficient access to transit and (b) protection against parking spillover to surrounding landowners. The plan also requires that the lessee create a Parking Management Plan to help identify parking policies and programs.</p>	<p>The SDSU Mission Valley site plan calls for approximately 11,500 parking spaces situated in underground structures and within each residential building.* This number would meet the City’s parking requirements for proposed uses on the site.</p>	<p><i>The San Diego Municipal Code outlines parking requirements in any proposed development. These include a minimum number of parking spaces per unit or square foot of development and requirements for the implementation of measures that will reduce occupant vehicle trips.</i></p>

<sup>51</sup> *San Diego Municipal Code*, Chapter 14, Article 2, Division 5

**Section 5. Analysis of Tax Revenues**

**Table 2: Summary of Annual Impacts to the City of San Diego’s General Fund\***

	SoccerCity	SDSU West	No Project
<b>Sales Tax</b>	More	Less	Insignificant
	Difference reduced if less retail and hotel space built		
<b>Hotel Taxes</b>	More	Less	None
	Difference reduced if less hotel space built		
<b>Property Tax</b>	More	Less	None
	Difference reduced if option to purchase not executed		
<b>Possessory Interest Tax</b>	More	Less	Insignificant
	Difference reduced if less land exempt for academic purposes		
<b>Net General Fund Fiscal Impact Annually</b>	+\$4 million	+\$1.9 million	-\$12,725,996**
<b>Net General Fund Fiscal Impact Over 99 Years***</b>	+\$396 million	+\$188.1 million	Unknown****

\* If all proposed development is actually complete. SoccerCity estimates do not include costs of the City operating and maintaining SDCCU Stadium, which once eliminated would increase savings for the City.

\*\* This assumes that the City will continue to fund the operations and maintenance of SDCCU Stadium at a loss (see Section 3).

\*\*\* SDCTA estimated the impact to the City of San Diego General Fund over 99-years based on the length of any lease in the SoccerCity initiative.

\*\*\*\* If both initiatives fail, the City of San Diego will eventually initiate the process of seeking a new development, lease, or sale proposal for the stadium site. The time of initiation and length of such a process is unknown, and the current annual impact is assumed to continue until such a process is complete.

**Taxable possessory interests** exist when a private party leases, rents, or uses tax-exempt publicly-owned land and/or facilities for their own exclusive, independent use. The user still gains the benefits and services of the area that property taxes would normally fund, so these benefits are taxed in the form of possessory interest assessments. Possessory interests and property are taxed at the same rate, though the values taxed differ. Property taxes are assessed on the fee simple interest, or ownership, of the property, whereas possessory interest taxes are assessed only on the rights of the private user. As the rights of the public owner—and those that will revert back to the public owner—are not included and the private user may only have rights for a period of a few years, possessory interest assessments are normally less than property assessments. If the term of the private lease is sufficiently long on publicly-owned land that has the same assessed value as privately-owned land, the possessory interest assessment would be substantially the same as a property tax assessment.

	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
<b>SALES TAX</b>	<p>The SoccerCity initiative Specific Plan calls for <u>740,000 square feet of retail space</u> and <u>450 hotel rooms</u>, all of which would be subject to sales tax.</p> <p><i>Should all of the planned square footage of retail and hotel space be built, the SoccerCity initiative would result in 645,000 more square feet of retail and 50 more hotel rooms paying sales taxes than the SDSU West Mission Valley plan.</i></p> <p><i>Of note, the SANDAG traffic analysis discussed in Section 4, which uses different assumptions and methods of calculation than the SoccerCity traffic analysis, estimates that the development outlined in the Specific Plan would actually create approximately 26,000 additional ADT than allowed by the Specific Plan. If this is the case and developers must decrease retail or hotel square footage to lessen the ADT created by the initiative, opportunity for the collection of sales tax revenues would consequently decrease</i></p>	<p>The SDSU Mission Valley plan calls for <u>95,000 square feet of retail space</u> and <u>400 hotel rooms</u>, all of which would be subject to sales tax.</p> <p><i>Should all of the planned square footage of retail and hotel space be built, the SDSU Mission Valley plan would result in 645,000 less square feet of retail and 50 less hotel rooms paying sales taxes than the SoccerCity initiative.</i></p> <p><i>Of note, the SANDAG traffic analysis discussed in Section 4 estimates that the development outlined in the SoccerCity Specific Plan would actually create approximately 26,000 additional ADT than allowed by the Specific Plan. If this is the case and developers must decrease retail or hotel square footage to lessen the ADT created by the initiative, opportunity for the collection of sales tax revenues through the SoccerCity initiative would consequently decrease as well.</i></p>	<p><i>The current sales tax rate in the City of San Diego is 7.75 percent. Of this rate, 6.0 percent goes to the State of California’s General Fund, and other state programs, 0.25 percent for the State’s Local Transportation Fund, 1.0 percent goes to the City of San Diego, and 0.50 percent for TransNet, a program for the funding of regional transportation projects.</i></p> <p><i>If both initiatives fail, any future development on the site that included retail establishments or hotel rooms would pay sales taxes.</i></p>

	SOCCERCITY	SDSU WEST	IF BOTH INITIATIVES FAIL
	<p><i>significantly as well. It also should be noted that there are groups who dispute the results of the SANDAG traffic analysis and believe that a reduction in the development of commercial space outlined in the SoccerCity initiative is unlikely. SDCTA does not contend the validity or superiority of either traffic analysis.</i></p>		
<p><b>HOTEL TAXES</b></p>	<p>The SoccerCity initiative Specific Plan calls for <u>450 hotel rooms</u>, all of which would be subject to the City of San Diego’s Transient Occupancy Tax (TOT) and Tourism Marketing District (TMD) Assessment.</p> <p><i>Should developers build all of the planned square footage of retail and hotel space, the SoccerCity initiative would result in 50 more hotel rooms paying TOT and TMD than the SDSU West initiative.</i></p>	<p>The SDSU Mission Valley plan calls for <u>400 hotel rooms</u>, all of which would be subject to the City of San Diego’s TOT and TMD Assessment.</p> <p><i>Should developers build all of the planned square footage of retail and hotel space, the SDSU West initiative would result in 50 less hotel rooms paying TOT and TMD than the SoccerCity initiative.</i></p>	<p><i>The current TOT rate in the City of San Diego is charged as 10.5 percent of the price charged to a visitor for a room, including any services provided. Proceeds from the 10.5 cent tax on each dollar spent are used for the promotion of the City and other government purposes.</i></p> <p><i>In addition to the TOT, travelers to San Diego who stay in lodging businesses with more than 70 rooms are charged a 2 percent Tourism Marketing District (TMD) assessment. The San Diego Tourism Marketing District (SDTMD) is a Tourism Business Improvement District that helps lodging businesses throughout San Diego coordinate to perform promotional and marketing activities that will increase tourism and overnight visitor stays.</i></p> <p><i>If both initiatives fail, any future development on the site that included lodging establishments would pay TOT, and any lodging businesses with greater than 70 rooms would pay TMD.</i></p>



	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
<b>PROPERTY TAX</b>	<p>The SoccerCity initiative involves the lease of the stadium site and Murphy Canyon property from the City of San Diego. As the land would still be publicly owned, developers and business owners on the property will pay possessory interest tax for the use of the land (see row below).</p> <p><u>However, should the Qualified Lessee execute its option to purchase up to 79.9 acres of the stadium site, it will pay property tax on those 79.9 acres. This would result in approximately 173 acres of land paying possessory interest tax to the City.</u></p> <p>Any land or facilities that Goal San Diego gifts to SDSU or allows them to use exclusively for academic purposes would not be subject to any form of property tax. According to the commitments made by Goal San Diego in its letter to the Mayor, this could be <u>47 acres</u> of the site.</p> <p>It should be noted that for any transfers of land or facilities to SDSU for academic purposes in the SoccerCity initiative, it is possible that the City could negotiate a payment in lieu of property taxes through its lease negotiations.</p>	<p>The SDSU West initiative involves the sale of the stadium site to SDSU, a state public university. As the land would still be publicly owned, developers and business owners on the property will pay possessory interest tax for the use of the land (see row below).</p> <p>Any land or facilities that the university uses exclusively for academic purposes—including laboratories, offices, and housing available exclusively for students—would not be subject to any form of property tax. According to the SDSU Mission Valley site plan, this would amount to <u>1.6 million square feet of office space and potentially thousands of units of student housing paying no property taxes.</u></p> <p>It should be noted that for property subject to exemption for academic or other purposes, it is possible that the City could negotiate a payment in lieu of property taxes through its negotiations of a purchase and sale agreement.</p>	<p><i>Property taxes, collected by the San Diego County Treasurer-Tax Collector, are levied on the assessed value of property in the region. Fair market property values are assessed by the San Diego County Assessor's office and include the value of the land and its other assets. Publicly-owned land is generally exempt from property taxes.</i></p> <p><i>If both initiatives fail, any future development on the site that occurred on privately-owned land would pay property taxes.</i></p>
<b>POSSESSORY INTEREST TAX</b>	<p>As the <u>253 acres</u> of land to be leased through the SoccerCity initiative would still be publicly owned by the City of San Diego, developers and</p>	<p>As the <u>132 acres</u> of land to be sold through the SDSU West initiative would still be publicly owned by the State of California, developers and</p>	<p><i>As noted above, publicly-owned land is generally exempt from property taxes. However, a party may have a "possessory interest" in the public</i></p>

**SOCERCITY**

business owners on the property will pay possessory interest tax for the use of the land. This would be based on the fair market value of the property, the length of the lease, the City’s retained rights to the property, and other factors, and as such the assessed value could be less than that of property owned outright by a private party. *It should be noted that the length of the lease has a significant impact on the taxable possessory interest. A 99-year lease, as is proposed in the SoccerCity initiative, would lead to a possessory interest that is valued higher than a 40-year lease, which has been proposed for some of the developments in the SDSU Mission Valley plan.*

However, should the Qualified Lessee execute its option to purchase up to 79.9 acres of the stadium site, it will pay property tax on those 79.9 acres. This would result in approximately 173 acres of land paying possessory interest tax to the City.

**SDSU WEST**

business owners on the property will pay possessory interest tax for the use of the land. This would be based on the fair market value of the property, the length of the lease, the State’s retained rights to the property, and other factors, and as such the assessed value could be less than that of property owned outright by a private party. *It should be noted that the length of the lease has a significant impact on the taxable possessory interest. A 99-year lease, as is proposed in the SoccerCity initiative, would lead to a possessory interest that is valued higher than a 40-year lease, which has been proposed for some of the developments in the SDSU Mission Valley plan.*

**IF BOTH INITIATIVES FAIL**

*property that would be taxable. Taxable possessory interests exist when a private party leases, rents, or uses publicly-owned land and/or facilities for their own exclusive, independent use. As such, individuals or businesses who rent land or facilities from the City for private use, such as the stadium site and former Chargers’ training center, would be subject to a tax on their possessory interest in the property. The user still gains the benefits and services of the area that property taxes would normally fund, so these benefits are taxed in the form of possessory interest assessments.*

*Possessory interests and property are taxed at the same rate, though the values taxed differ. Property taxes are assessed on the fee simple interest, or ownership, of the property, whereas possessory interest taxes are assessed only on the rights of the private user. As the rights of the public owner—and those that will revert back to the public owner—are not included and the private user may only have rights for a period of a few years, possessory interest assessments are normally less than property assessments. If the term of the private lease is sufficiently long on publicly-owned land that has the same assessed value as privately-owned land, the possessory interest assessment would be substantially the same as a property tax assessment.*

	<b>SOCERCITY</b>	<b>SDSU WEST</b>	<b>IF BOTH INITIATIVES FAIL</b>
<b><i>ESTIMATED NET FISCAL IMPACT</i></b>	<p>An economic impact study conducted by the San Diego Regional Economic Development Corporation and AECOM<sup>52</sup> estimates that the SoccerCity developments will result in \$31.3 million of property tax, \$3 million of sales tax, \$0.9 million of TOT, and \$2.8 million in other fees annually for the City, County, and San Diego Unified School District General Funds at buildout. When taking into account General Fund costs such as staff time, public safety, and public works, the project would result in a net impact of \$21.6 million annually for these General Funds.</p> <p>Specific to the City of San Diego’s General Fund, the study estimates that the SoccerCity program, if constructed as outlined in the Specific Plan, will result in \$9.7 million of new costs for the City, offset by \$13.7 million in new revenue. This results in an approximately <u>\$4 million net positive fiscal impact</u> from the development each year. <i>The estimated net fiscal impact of the SoccerCity initiative is \$2.1 million greater than</i></p>	<p>Friends of SDSU conducted a fiscal impact analysis using the same cost and revenue factors used in the AECOM study on a proportional basis, assuming a 35,000-seat stadium, University law enforcement on site, and reduced transfer tax revenues because land sold to SDSU for academic purposes won’t likely be re-leased or sold again. This study estimated that the SDSU Mission Valley site plan would generate an annual demand of \$8.25 million in costs from the City, which would be offset by \$10.1 million in annual revenues. This results in an approximately <u>\$1.9 million net positive fiscal impact</u> from the development each year. <i>The estimated net fiscal impact of the SDSU West initiative is \$2.1 million less than the estimated net fiscal impact of the SoccerCity initiative. One reason for this difference is that operations and maintenance for the River Park will remain the responsibility of the City of San Diego.</i></p>	<p><i>If both initiatives fail, any future private entity with possessory interest in development on publicly-owned areas of the site would pay possessory interest taxes.</i></p>

<sup>52</sup> *MLS Stadium and Mixed Use Development Economic and Fiscal Impact Study*. San Diego: San Diego Regional Economic Development Corporation and AECOM, 2017.

	SOCCERCITY	SDSU WEST	IF BOTH INITIATIVES FAIL
	<p><i>the estimated net fiscal impact of the SDSU West initiative.</i></p> <p><i>It should be noted that these estimates do not include the costs of continued operations and maintenance for SDCCU Stadium, which would likely reduce net fiscal impact if the City remains fully responsible for these ongoing costs in a lease extension agreement with SDSU.</i></p>		
<p><b>ESTIMATED ECONOMIC IMPACT</b></p>	<p>An economic impact study conducted by the San Diego Regional Economic Development Corporation and AECOM<sup>53</sup> estimates that construction from the SoccerCity initiative will result in the addition of 37,900 jobs, \$2.3 billion in wages, and \$3.4 billion value added to the Gross Regional Product (GRP) of the City. The initiative would also, by this estimate, result in 41,700 jobs, \$2.4 billion in wages, and \$3.7 billion value added to the GRP of the County. The study assumes the development of a 30,000-seat stadium and does not include the impact of SDSU football games.</p> <p>The same study estimates that SoccerCity operations will result in 22,600 jobs, \$1.8 billion in wages, and \$2.5 billion value added to the GRP for the City. For the County, the study</p>	<p>Though no economic impact study has yet been released for the SDSU West initiative, ICF, Inc. conducted a study in 2017 to estimate the economic impact the university currently has on the region.<sup>54</sup></p> <p>According to the study, San Diego State University’s operations and student and alumni spending have a \$5.67 billion impact on the region’s economy, supporting 42,000 jobs and \$2.01 billion in labor income.</p> <p>The university also produces more than \$457 million in state and local taxes each year, with an estimated \$5,314 tax dollars per student resulting from operations and student spending.</p>	

<sup>53</sup> *MLS Stadium and Mixed Use Development Economic and Fiscal Impact Study*. San Diego: San Diego Regional Economic Development Corporation and AECOM, 2017.

<sup>54</sup> *SDSU Economic Impact Analysis*. San Diego: ICF, Inc., 2017.

**SOCERCITY**

estimates that operations will result in 25,750 jobs, \$2.0 billion in wages, and \$2.8 billion value added to the GRP.

*It should be noted that nothing in the initiative precludes some of the developments on the SoccerCity property from being leased to SDSU for its academic needs. As such, the SoccerCity initiative could still allow for the long-term positive economic impacts that a university expansion would bring, discussed further in the next column.*

**SDSU WEST**

The study also notes that individuals with a bachelor's degree can make on average almost \$1 million more over the course of their career than individuals with only a high school education. Approximately \$4.74 billion in additional wages, 27,273 additional jobs, and \$232 million in state and local taxes can be attributed to SDSU degree holders throughout the State of California each year. Other research demonstrates that college graduates also receive approximately \$10,000 less in public assistance over their lifetime as compared to high school graduates.<sup>55</sup>

*It can be estimated that an expansion of SDSU through the SDSU West initiative would result in increased impacts on the region's economy.*

The University estimates that, depending on state funding, approximately 6,000 new students would join the university over the 15-year development period assuming one percent annual enrollment growth. Using figures from the ICF report, the University estimates that this level of growth would result in \$239 million in new economic impact by 2033.

**IF BOTH INITIATIVES FAIL**

<sup>55</sup> Trostel, Phillip A. *The Fiscal Impacts of College Attainment*. Boston: New England Public Policy Center at the Federal Reserve Bank of Boston, 2007. [www.bostonfed.org/publications/new-england-public-policy-center-working-paper/2007/the-fiscal-impacts-of-college-attainment.aspx](http://www.bostonfed.org/publications/new-england-public-policy-center-working-paper/2007/the-fiscal-impacts-of-college-attainment.aspx).



*Taxpayers watchdog since 1945*

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March 28, 2018

[Delivered Electronically]

Dear FS Investors and Friends of SDSU,

Our Association will be analyzing your proposals for the future of the Mission Valley stadium site, which are set to appear in front of voters this November. Our objective is to enhance taxpayers' understanding of each proposal and their impact on our region.

As part of this process, we formally request responses to the attached questions about your respective plans by Monday April 2, 2018 at 12:00pm. Please note these questions and your responses will be published alongside our official analyses of this issue. If you wish to provide additional insights you feel might be pertinent to our analysis of the obligations in each initiative, please include those questions or comments in your responses. We look forward to hearing from you, and thank you in advance for cooperating with us on this effort.

Sincerely,

Megan Couch  
Policy Manager  
San Diego County Taxpayers Association

## Section 1: Obligations

Please cite the appropriate legislative/regulatory source in your response.

### *SoccerCity*

1. The Specific Plan indicates a minimum of 10% of total gross square footage must be reserved for office space and 3% of total gross square footage must be reserved for retail space. What is your estimate of the amount of units this would create?
2. The Specific Plan outlines 71,533 new daily vehicle trips. Is this the absolute maximum allowed, or could the plan go beyond this number? Are some or all of these required to be addressed/mitigated by specific language in the initiative? Is this the only factor other than the ability to obtain permits that determines the actual amount of units developed? Is your traffic analysis and mitigation in line with CEQA guidelines for the evaluation of transportation impacts?
3. What would cause the stadium to be developed such that it could accommodate SDSU's football team, and in what instance would you work to lease property to SDSU for its educational facilities?
4. Please identify where, if anywhere, the initiative actually requires the development of parks and open space, rather than just "setting aside" 46 acres for this purpose.
5. The initiative states that the 12 acres of active use fields and neighborhood parks will be maintained and operated through a joint agreement with the City and Qualified Lessee. Do you plan to fully fund the ongoing operations and maintenance of these fields/parks?
6. Please explain the apparent contradiction between park requirements.
  - "The Specific Plan and Initiative create no obligations or requirements on the part of developers within the Plan Area to build or construct parks and/or facilities that require regional, State, or Federal permits."
  - "The Lease shall require the Qualified Lessee, and the City as owner of the Property, to both diligently pursue any state and federal permits necessary to construct the River Park, subject to any applicable restrictive use agreement with the United States...If such permits are obtained within 18 months of the Execution Date, then the Qualified Lessee or Qualified Lessee's designee shall construct the River Park as contemplated in the Specific Plan."
7. Is *anything* legally required if federal/state/regional permits are required for development? The above statement would indicate not.
8. How much, if anything, is the Qualified Lessee actually required to provide for the River Park and "to improve City land for public recreation purposes under any Lease and the Specific Plan?"
  - Because the lease will clearly be executed after December 31, 2017, the lessee's obligation is reduced by \$20,000,000. This language does not seem to specifically tie the obligation to the River Park, but to recreation purposes as a whole. Please clarify.
9. Please clarify the intended timing for construction of the stadium, as there is contradictory language in the initiative and its exhibits.
  - "The River Park/Community Park and Active Sports Fields shall commence construction not later than the date of the completion of the Sports Stadium"

- “This Specific Plan does not require that the development occur in any particular order”
- “The Developer shall have the right (without the obligation) to develop the property in such order and at such rate and at such time as the Developer deems appropriate within the exercise of its business judgment”
- “Nothing in this Agreement shall be deemed to obligate the Developer to initiate or complete development of the Property as contemplated in the Specific Plan, or any portion thereof, within any time period of time [sic] or at all or to develop the Property or any portion thereof to the full size or density allowed in the specific plan.”

*SDSU*

1. What exactly does “shall use the content requirements of a Specific Plan” mean in the context of this initiative and the proposed development of the site?
2. What happens if the sale to SDSU or any SDSU auxiliary organization, entity, or affiliate does not happen? The City Attorney’s memo indicates that the “Initiative does not address whether the City could sell the Site to an entity other than SDSU, et al., if an agreement is not reached, if the Council does not determine that the terms of the sale are fair and equitable and in the public interest, or if the Mayor vetoes the Council's action approving the sale.”
3. How do you plan to build the River Park if you do not acquire the land?
4. Why did you specifically designate that the park would come at no cost to the *General Fund*? Do you intend to use other City funds for this purpose?
5. Do you believe the stadium construction will require a full site CEQA approval before it can begin?





**1. What exactly does "shall use the content requirements of a Specific Plan" mean in the context of this initiative and the proposed development of the site?**

Under normal circumstances San Diego State University would only be required to prepare a Campus Master Plan for the stadium site. Because a Campus Master Plan is focused on education facilities, the Friends of SDSU believe a Campus Master Plan would not provide the public sufficient information to understand and comment on the proposed land uses. The initiative therefore includes the Specific Plan requirements, the common regulatory tool used to plan mixed-use communities, to create an open and transparent planning process for the future of the stadium site.

Government Code Section 65451 requires the following:

(a) A specific plan shall include a text and a diagram or diagrams which specify all of the following in detail:

- (1) The distribution, location, and extent of the uses of land, including open space, within the area covered by the plan.
- (2) The proposed distribution, location, and extent and intensity of major components of public and private transportation, sewage, water, drainage, solid waste disposal, energy, and other essential facilities proposed to be located within the area covered by the plan and needed to support the land uses described in the plan.
- (3) Standards and criteria by which development will proceed, and standards for the conservation, development, and utilization of natural resources, where applicable.
- (4) A program of implementation measures including regulations, programs, public works projects, and financing measures necessary to carry out paragraphs (1), (2), and (3).

**2. What happens if the sale to SDSU or any SDSU auxiliary organization, entity, or affiliate does not happen?**

The Friends of SDSU agree with the City Attorney's conclusion that the SDSU West Initiative does not compel the sale of the stadium site to San Diego State University. Rather the initiative establishes the framework and conditions under which the sale should occur. If the City and San Diego State University do not agree on sale terms (price or conditions), the City could develop or dispose of the site as it deems appropriate. Of course any other sale of the site would have to comply with the Charter provision requiring a public vote to approve the sale of 80 acres or more of City land. Ultimately, the SDSU West initiative empowers the San Diego City Council to create a sales agreement with San Diego State University that provides the strongest protections for the City and taxpayers.

**3. How do you plan to build the River Park if you do not acquire the land?**

The most likely scenario is that San Diego State University would gain access to the property through a right of entry permit, the routine authorization that is used every day to enable builders to construct improvements on public lands. Alternatively, the City could lease the land



to San Diego State University for the duration of the construction. Finally, if the City wanted to relinquish control of the land and the River Park, it could sell the land to San Diego State University. The SDSU West initiative does not preclude this option.

The Friends SDSU believes it would be a mistake for the City to relinquish control of the River Park. We do believe, however, it should be San Diego State University's responsibility to provide (to pay for and to build) the River Park; but once built the River Park should be a City park, not a San Diego State University park. Accordingly, the City should retain maximum control over the River Park plans, including adherence to the San Diego River Master Plan and the Mission Valley Community Plan.

The City Attorney letter affirms that retention of City ownership of the River Park land ensures city planning, environmental and regulatory control over the park (See City Attorney Letter of 5.23.17, Section VIII, Page 11 and Section X Page 12). Specifically:

1. River Park improvement plans must be approved by the City.
2. River Park environmental review must be approved by the City.
3. River Park plan must comply with the Mission Valley Community Plan and the San Diego River Park Master plan.

**4. Why did you specifically designate that the park would come at no cost to the *general fund*? Do you intend to use other city funds for this purpose?**

It should be stated that the ultimate burden of the River Park is on San Diego State University. The SDSU West Initiative does not preclude the University from potentially using other funding mechanisms that are meant for parks to be built. It should also be noted that the SoccerCity initiative does not preclude FS Investors from accessing these funds.

Grant Funding: Construction of the existing stadium, parking lot, and the Murphy Creek concrete channel devastated the San Diego River floodplain's biological values. Redevelopment of the stadium site offers a unique opportunity to restore the River's habitat and water quality functions. State and/or federal grant funds could be available for such wetland restoration. It would be a missed opportunity to only build a 34 acre active recreation park and ignore the biological benefit of habitat and wetland restoration. These dollars are already allocated for the creation of parks and if not claimed for the stadium site, they could likely be diverted to areas outside of San Diego. The SDSU West initiative preserves this opportunity for San Diego.

Developer Fees: The Mission Valley Community Planning Area is about 20 acres deficient in parks and Grantville about 10 acres deficient. Park deficiencies will grow as new developments pay park fees in lieu of building small on-site parks. The city has recognized this dynamic and planned to use accumulated developer fees for park improvements on the existing stadium site. Specifically, the Mission Valley Public Facility Financing Plan (2013) forecasts developers will pay about \$32.5 million for a new Community Park on "City owned land in the vicinity of Qualcomm Stadium" including "construction of a 20,000 square foot recreation building (and swimming pool) serving the Mission Valley Community". The Friends of SDSU did not think the initiative should preempt



implementation of the Mission Valley Public Facility Financing Plan. It must be stressed that the Initiative does not require the City to use the developer fees for the River Park.

Preserving Policy Options: Consider the broader policy options created by preserving all park funding sources. The “SDSU Mission Valley” vision prepared separately by San Diego State University depicts a 50 acre River Park (much more than the 34 acres mandated by the initiative). The University’s vision replaces the Murphy Canyon Creek concrete channel with a meandering floodplain. Clearly, San Diego State University plans to invest significant funds to create this River Park. Imagine the size and quality of the park if the University’s financial contribution is combined with developer fees and grant funding. Combine this 50-acre footprint with state and federal grant funding to help restore the River’s edge into a more natural floodway lined with re-vegetated riparian habitats and restored wetlands. Add to that a community center or swimming pool partially or fully funded by developer fees. Then, Mission Valley would have a 50-acre environmental and recreational jewel that could be enjoyed by all San Diegans. The SDSU West Initiative empowers (but does not compel) the City to implement this vision through the Purchase and Sales Agreement.

**5. Do you believe the stadium construction will require a full CEQA approval before he can begin?**

Yes, the City Attorney Letter of 5.23.17 states that City approval of a Purchase and Sales Agreement with San Diego State University is a “project” under CEQA subject to environmental review by the City. To the extent the sale contemplates a stadium that improvement would be subject to the City’s review. Then, of course, the Campus Master Plan/Specific Plan (including the stadium) would be subject of a separate environmental review by the California State University system.

Responses submitted by an external party and not reviewed by the OCTA

**San Diego County Taxpayers Association Questions**

*Soccer City is pleased to provide its response to the San Diego County Taxpayers Association Questions with respect to obligations and commitments made at the SDCCU (fka Qualcomm) site. We suspect you will find below a constantly recurring theme: (1) SoccerCity has a set of detailed commitments made in its public documents to the taxpayers of the City of San Diego; (2) those commitments go above and beyond the precedent set by the most recently approved specific plan processed through the traditional City of San Diego development channel and therefore reflect the additional value conveyed to taxpayers by the investors behind SoccerCity to reflect the extraordinary circumstance of securing a new professional sport for San Diego (please note here this is additional value given to taxpayers rather than requested from taxpayers to support sports at the Qualcomm site), and finally (3) that the incredible scarcity of binding commitments in the SDSU West proposal (apart from the constant refrain that it is up to Sacramento to decide) stand in stark contrast to the details provided by SoccerCity.*

*In terms of development footprint and location, our project is similar to Civita (fka Quarry Falls), a traditionally planned project (EIR) approximately 1 mile from the SDCCU Stadium site. Civita is a mixed-use development with 4,780 units of housing and a less balanced mix of uses being developed by Sudberry Properties, a major funder of groups opposing SoccerCity. It is the most recent specific plan approved from Mission Valley and is still early in the process of its development. As such, it provides a valuable example of what can reasonably be expected from the Mission Valley Community by “traditional development”. It took years to develop and certify and is now years behind plan – neither of which bode well for any near term development at Qualcomm if processed “traditionally”. Where applicable, we will include a comparison to Civita to show the output of a traditionally planned process as well as the wide range of positions that Sudberry Properties has supported, between their own development at Civita, opposition to SoccerCity, and support for SDSU West.*

Question	SoccerCity	“Traditional” Development: Civita (Sudberry Properties)	SDSU West (Sudberry Properties, HG Fenton and Other Private Developers)
<p>1. The Specific Plan indicates a minimum of 10% of total gross square footage must be reserved for office space and 3% of total gross square footage must be reserved for retail space. What is your estimate of the amount of units this would create?</p>	<p>Assuming “units” refers to new housing units, 4,800. We intend to follow through on our plan to bring a new MLS team to San Diego with a great fan experience anchored by a sports and entertainment district as part of a live-work-play, property tax generating redevelopment with 4,800 housing units (including 480 affordable plus 800 student-focused) among its mix of uses. These commitments ensure that SoccerCity will always provide a mix of uses. We do not anticipate, nor would it make economic sense for a rational reviewer to conclude, that we would end up with limited development and therefore tax generation from the site.</p> <p>SoccerCity’s minimum development thresholds are an improved form of the minimum density concept in the Quarry Falls Specific Plan (a “traditionally” approved project), which sets forth minimum development standards for the project. By establishing minimum square footage percentages for certain uses, SoccerCity ensures that the project will always provide a mix of uses on the site. We believe this commitment goes beyond what the most recent precedent in the area provides, while providing appropriate opportunity for the land to be used optimally as a whole. That being said, clearly the incentive here for all parties is to ensure that the site’s potential is maximized.</p>	<p>The Civita project (the most recently approved specific plan in Mission Valley) allows for a very wide range of development in each subdistrict. Importantly however, we can find no indication of a fixed minimum development intensity enforced across the entire site. Moreover, we find no comparable mix of uses requirement. Based on the most recent precedent in Mission Valley, taxpayers should not rely on receiving a mixed use commitment for development processed “traditionally”.</p> <p>The Civita project roughly approximated sub-district based minimum development thresholds (assuming that sub-district was ultimately developed). Those were laid out in the Quarry Falls Specific Plan as follows:</p> <p>“Minimum Density (Specific Plan): 9.7.3 Any such transfer under these situations must leave the “donor” planning district or subdistrict with at least enough dwelling units or development intensity to allow development of the donor planning district or subdistrict at the lowest density permitted by the density ranges established in this Specific Plan and presented in Table 9-1. For this Specific Plan, this is referred to as the “minimum development intensity” and is shown as the lower range of Development Intensity Range in Table 9-1.”</p>	<p>As the City Attorney points out in her March 1, 2018 report: “The language of the initiative does not bind SDSU...If the Existing Stadium Site is sold to SDSU, the State Board of Trustees will determine the use of the Site in its sole discretion...The Initiative does not contain a Specific Plan that will control the development of the Existing Stadium Site”.</p> <p>In other words, nothing in the Initiative binds the State of California to any development standards or requirements on the site. In fact, the Initiative specifically states that after the sale “the Existing Stadium Site shall be comprehensively planned through an SDSU Campus Master Plan revision process”. The City Attorney concludes that “Therefore, the final development plan for the Existing Stadium Site will not be known until the Master Campus Plan revision process is complete, CEQA review has been performed, and the State Board of Trustees grants its approval.”</p> <p>The taxpayers of San Diego will therefore be required to wait until the State of California has decided what will be built on that site before we will know what if any uses will be valuable to the City. Moreover, the determination for the tax base the site will generate for San Diegans’ will be surrendered entirely to the State of California.</p>

		<p>As you can see from Table 9-1 (exhibit 1), the range of uses allowed for each subdistrict was incredibly wide (ranging in excess of 1,000 dwelling units in some sub-districts), giving a broad degree of latitude to the developer to determine what would be built in each area.</p>	
<p>2. The Specific Plan outlines 71,533 new daily vehicle trips. Is this the absolute maximum allowed, or could the plan go beyond this number?</p>	<p>The SoccerCity Specific Plan caps trips at 71,533, and actually has more specific caps on peak hour trips to minimize the impact on local taxpayers.</p> <p><b>Section 8.1 of the Specific Plan states:</b>      “The maximum amount of development in the River Park and Mixed Use Site is limited by peak hour trips in order to minimize or avoid impacts to intersections in and around the River Park and Mixed Use Site. Build-out development within the River Park and Mixed Use Site on a typical day with no games, shall not generate more than 71,533 total driveway ADT and not more than 4,849 total driveway AM peak-hour trips, (2,993 in and 1,856 out) and not more than 7,150 total driveway PM peak hour trips (3,225 in and 3,925 out).”</p> <p><b>Moreover, section 5.5 of the Specific Plan states:</b>      “the Director of Development Services or his/her designee shall prepare a Traffic Worksheet (see Appendix D) to monitor the total traffic generated for each development in the River Park and Mixed Use Site to ensure that it does not exceed the total allowable traffic per the Specific Plan.”</p> <p>Notwithstanding the claims to the contrary by groups who claim to have read the initiative, the Specific Plan does not allow development that creates more than the trips determined by our comprehensive traffic analysis.</p> <p>We based our language for this on the Quarry Falls (Civita) Specific Plan to be consistent with an EIR approved project.</p>	<p>“Traditional” development in Mission Valley creates very similar results to SoccerCity. The Civita project’s Specific Plan specifically authorizes very similar caps on vehicle trips.</p> <p><b>Section 9.1 Development Intensity:</b>      “The maximum development intensity allowed in Quarry Falls is based on the amount of traffic generated by the “target development intensity” allowed in this Specific Plan. This overall maximum driveway ADT has been developed based on the overall land use concept and vision for the project, as presented in a Traffic Impact Study prepared for Quarry Falls by Katz, Okitsu &amp; Associates (September 2007). The project-specific Traffic Impact Study further limits the maximum amount of development in Quarry Falls by peak hour trips in order to minimize or avoid impacts to intersections in the project area. Based on the Traffic Impact Study, build-out development within Quarry Falls shall not generate more than 2,008 ADT “in” and 2,181 ADT “out” AM peak-hour trips, and not more than 3,452 ADT “in” and 2,998 ADT “out” PM peak-hour trips”</p>	<p>It is important to remember the statement above, which can be summarized as “nothing shown today about the potential development intensity on the site is binding”. Equally importantly, the City Attorney highlights that the Initiative “expressly authorizes a sale to parties other than SDSU”. She further poses the question “Will Adoption of the Initiative require that the development outlined in the Initiative be built?” and answers “No.”</p> <p>That being said, the statements of those affiliated with the plan today are still enlightening (particularly considering the fact that they are provided with knowledge the statements are non-binding and in the midst of a political campaign where traffic is a significant concern). The traffic report released by consultants working on the SDSU West affiliated redevelopment suggest peak hour trips (AM plus PM) that are only 2% less than SoccerCity. While that difference in peak hour trips is non-binding, the economic incentive at the time will generally be to build more and not less. In other words, the SDSU West proposal suggests only 2% less peak rush hour trips than SoccerCity.</p> <p>So, the same number of trips, but no mitigation. Unfortunately for taxpayers, the Initiative (even if it was binding on SDSU) only commits the purchaser to “take steps to reach agreements with the City of San Diego...regarding the payment of fair share mitigation costs for any identified off-site significant impacts related to campus growth”. Given the pending changes in CEQA (<a href="http://resources.ca.gov/ceqa/docs/update2018/proposed-regulatory-text.pdf">http://resources.ca.gov/ceqa/docs/update2018/proposed-regulatory-text.pdf</a> see section 15064.3 - currently in final rule making confirmation), that language would result in \$0 of mitigation to address these trips, a major detriment to taxpayers.</p> <p>It is comparably surprising that those parties indicating concern about traffic (Sudberry Properties and HG Fenton through their exclusive funding of the opposition campaign to SoccerCity) should also be supporting the SDSU West Initiative.</p>

<p>2.(a) Are some or all of these required to be addressed/mitigated by specific language in the initiative?</p>	<p>Yes, Table 5.2 in the Specific Plan contains a detailed list of improvements that will be privately funded and are matched to trips generated, all the way up to the cap. Section 5.5 of the Specific plan ensures that the funding or construction of improvements is completed at the time building permits are issued.</p> <p>Importantly, the SoccerCity initiative requires the amount of payment for the potential mitigation should be calculated at the time it is owed – meaning SoccerCity absorbs the risk of cost increases. As will be seen, this is not a universal feature among precedent developments, and we believe it is a significant benefit to San Diego’s taxpayers, who will be protected from that cost increase in the SoccerCity plan.</p> <p>We modeled our formula of construction or funding on the Quarry Falls (Civita) Specific Plan.</p>	<p>By contrast to the SoccerCity assessment of cost of improvements at the time, Civita (a proxy for “traditional” developments) attempted to price significant improvements to Highway 163 at a fixed price in 2007 dollars. That language would have exposed taxpayers to the difference between an inflation index and the actual cost of construction.</p> <p>As just one example, the Civita EIR highlighted: “Friars Road/SR-163 Interchange – Construct the following local improvements: widen the northbound approach of the SR-163 SB southbound off ramps; widen southbound Ulric Street at Friars Road; reconfigure southbound approach of Friars Road and SR-163 northbound ramps; widen westbound Friars Road from Frazee Road to SR-163 northbound ramps; widen eastbound Friars Road at Frazee Road. The City may require the project to pay \$5,000,000 (2007 dollars) to the City in lieu of constructing such local improvements to assist in the funding of a comprehensive set of improvements at this same location.”</p> <p>Taxpayers should appropriately consider the risk that “traditional” development often results in traffic compromises that do not protect taxpayers from liability for either cost mismatches or unfunded impacts (see below).</p>	<p>As highlighted above, there are no commitments made in the SDSU West initiative that bind SDSU (if they are the ultimate purchaser) to development intensity or mitigation requirements. As the City Attorney highlights: “if the Site is sold to SDSU, it will become State property, and the development process would be governed by State law, not the City’s development regulations or processes.”</p> <p>The City of San Diego’s experience with traffic mitigation proposals by SDSU is poor. In the Adobe Falls case, SDSU refused to perform traffic mitigation and self-certified the EIR for their construction of the campus expansion. That matter required almost a decade of litigation to resolve, with the Supreme Court of California ultimately finding in favor of the City (City of San Diego v. Board of Trustees of the California State University). Over ten years after the Board of Trustees self-certified an EIR with insufficient traffic improvements, SDSU recently released its updated traffic mitigation analysis, allowing for the expansion of an additional 10,000 students on a site other than Qualcomm (one currently owned by the University). The City of San Diego responded to that analysis concluding it was “still incomplete”. Taxpayers must appropriately consider the risk associated with relying on CSU funded traffic improvements that are not legally binding, are likely to be no longer required by CEQA (the lynchpin for the City’s success in litigation), and have a poor history of compliance.</p>
<p>2.(b) Is this the only factor other than the ability to obtain permits that determines the actual amount of units developed?</p>	<p>Many factors, such as market conditions, etc. could affect the process, but we intend to follow through on our plan to bring a new MLS team to San Diego with a great fan experience anchored by a sports and entertainment district as part of a live-work-play, property tax generating redevelopment with 4,800 housing units (including 480 affordable plus 800 student-focused) among its mix of uses.</p>	<p>Our specific plan language closely mirrors that of Civita in stating a maximum intensity on the site as determined by peak hour trips.</p>	<p>This contrasts with the SDSU West Initiative, which contains zero binding limits in either direction on development intensity, as all decisions are to be made by the CSU Trustees.</p> <p>Notably, the university’s current campus expansion (Alvarado campus) which will provide for the next 10,000 student increase in enrollment (mentioned above), is a 55-acre project including 348-units of housing, 612,000 sqf of office buildings for academic research and medical use, a 120-room hotel, a 70,000 sqf conference center, student housing for 3,400 students, and a 15,000 sqf administration building. An EIR for this project was prepared in 2005, and the project is still pending. If the university follows through on its stated preference for contiguous campus expansion prior to off-site expansion, development on the Qualcomm site could follow 1) conclusion of litigation on the Alvarado campus, 2) build-out of the Alvarado campus, 3) enrollment of an additional 10,000 students, 4) development of a new master plan to meet the</p>

			needs of additional students 10,001+, 5) CEQA process for new the master plan, and 6) litigation of the CEQA. Under this scenario, site development could be unknown for decades and taxpayers would likely be forced to continue subsidizing stadium operations.									
2.(c) Is your traffic analysis and mitigation in line with CEQA guidelines for the evaluation of transportation impacts?	<p>Yes, our analysis was based on the Stadium Replacement EIR conducted by the City on the exact same site. Both our traffic studies use the Highway Capacity Manual 2010, current Significance Criteria, and Horizon Year 2035, in contrast to previous Mission Valley developments such as Civita, which used the Highway Capacity Manual 2000, pre 2007 Significance Criteria (2x more lax), and Horizon Year 2030. One key example of the consistency of traffic analysis is intersections studied- the City EIR analysis studied 25 intersections (Exhibit 2), and we studied 29 intersections (Exhibit 3).</p> <p>Our traffic mitigation goes \$50 million beyond the pending CEQA guidelines, resulting in an equivalent benefit to taxpayers. Our initiative requires a set of mitigations tied to trip generation that civil infrastructure contractors have estimated will cost \$50 million. New CEQA guidelines presume no significant impacts for the site: “Generally, development projects that locate within one-half mile of either an existing major transit stop...may be presumed to cause a less than significant transportation impact.”</p>	<p>Looking at historical projects approved through the “traditional” development and CEQA process, our project mitigation again outperforms. Civita is again an excellent comparison.</p> <table border="1" data-bbox="1204 402 1884 532"> <thead> <tr> <th>Unmitigated Impacts</th> <th>SoccerCity</th> <th>Civita</th> </tr> </thead> <tbody> <tr> <td>Direct</td> <td>3 (freeway only)</td> <td>13</td> </tr> <tr> <td>Cumulative</td> <td>7 (freeway only)</td> <td>30</td> </tr> </tbody> </table> <p>In fact, several of the significant impacts that Civita claimed were incapable of being mitigated will have mitigation funded by SoccerCity.</p> <p>Taxpayers should appropriately consider the fact that recent precedent developments do not guarantee all traffic issues are mitigated. In fact, just the opposite. The most recently approved Specific Plan in Mission Valley managed to refuse to pay for mitigation of many more intersections and road segments than SoccerCity.</p>	Unmitigated Impacts	SoccerCity	Civita	Direct	3 (freeway only)	13	Cumulative	7 (freeway only)	30	<p>New CEQA guidelines will no longer require any traffic mitigation at the site, allowing the private developers SDSU has indicated will be developing the site to generate unquantified impacts with \$0 in mitigation. If traffic truly is an important factor, only SoccerCity provides certainty about both the amount of impact and mitigation invested.</p> <p>For those truly concerned about traffic, the lack of certainty about the ultimate development intensity in SDSU West should be highly troubling. With economic incentives to build more and not less and with the potential for no constraints created by traffic mitigation costs or applicable City regulations, the prospect for unmitigated traffic issues are far greater at SDSU West. Taxpayers should consider not only the loss of the \$50mm of traffic improvements provided by SoccerCity, but not provided by SDSU West for much the same traffic load if 15064.3 is finalized as expected (see above). Taxpayers must also take into account the additional significant risk of substantially more development on the site without associated traffic mitigation funding or construction.</p>
Unmitigated Impacts	SoccerCity	Civita										
Direct	3 (freeway only)	13										
Cumulative	7 (freeway only)	30										
3. What would cause the stadium to be developed such that it could accommodate SDSU’s football team, and in what instance would you work to lease property to SDSU for its educational facilities?	<p>During the roughly 2 years we worked hand in hand with SDSU (prior to the interference from the SDSU West Initiative proponents), we designed a stadium that works great for both MLS soccer and SDSU football, a design and proposal that would save SDSU (either through student fees, or taxpayer backed debt) \$150 million versus building a stadium on their own. SoccerCity also saves SDSU (or the City of San Diego) millions each year in stadium operating costs for the football program, which are currently \$7m per year and paid by taxpayers. That stadium option remains available for SDSU should they choose to better spend the extra \$150 million on improving student life, enhancing research facilities, increasing salaries for faculty or any of the numerous better uses for those dollars.</p> <p>We have committed to provide SDSU with the 35 acres it has publicly stated it needs for expansion (see the University’s letter to the Mayor in March 2017). That commitment is reflected in the letter we have sent to the City Council and the</p>	<p>It is noteworthy that the owners of Civita with its half million square feet of undeveloped commercial space roughly 1 mile from the SDCCU site have not made any public accommodation for SDSU’s long term educational needs. That lack of a commitment comes notwithstanding the support of SDSU West and its claim that the University is landlocked on the Mesa.</p> <p>Should neither SoccerCity nor SDSU West succeed at the ballot, SDSU’s long-term educational needs in Mission Valley will remain unfulfilled absent any public commitment from Civita to build in accordance with the University’s demands.</p>	<p>The SDSU West initiative does not identify sources of financing for a stadium, doesn’t require a stadium to be built according to the City Attorney, and doesn’t have a reverter clause to protect taxpayers if no stadium is constructed. Simply put, the SDSU West Initiative does not guarantee a stadium.</p> <p>SDSU officials have indicated that they would provide long-term leases to private developers to develop the site with commercial office space, which would require SDSU to buy or lease space for educational facilities from those private developers, consistent with our offer to SDSU. SDSU West representatives speaking at our joint meeting with Taxpayers confirmed the intent to issue very long term ground leases to private developers. In other words, that land is in the hands of private developers for longer than most working adults will be around to see.</p>									

	<p>Mayor. Moreover, it will be in the lease we expect will be available for taxpayers to review in advance of the vote.</p> <p>Restarting productive discussions will be straightforward. We would insist on interacting directly with actual SDSU executives, as opposed to the affiliated individuals/developers who interfered with our prior agreement with SDSU. SDSU can decide to have a larger stadium on the site by committing \$100mm to a joint facility (saving them \$150mm versus building it on its own), and we strongly suspect they will choose that path when SoccerCity wins in November. Whether they do or not however, the Aztecs will always have a place to play football at SoccerCity.</p>		<p>SoccerCity and the SDSU West private development plan both comparably satisfy SDSU’s stated land requirements, because SDSU officials (Athletic Director JD Wicker and VP of Real Estate Bob Schulz) have also publicly said that this land would not be needed for 20 to 80 years. Should SDSU West win, based on those timelines, commercial buildings at the Qualcomm site will need to be rented by office customers for decades before they become SDSU property. Meaning, Qualcomm stadium will not be replaced by a campus but an office park.</p>
<p>4. Please identify where, if anywhere, the initiative actually requires the development of parks and open space, rather than just “setting aside” 46 acres for this purpose.</p>	<p>“Setting aside” the acreage ensures that no development will occur on the River Park acreage. Section 61.2803(c)(7)(C) of the initiative requires that we must fund a park and if we receive permits expeditiously that we build the park. Section 61.2803(c)(7)(D) of the initiative states that if permits are slow (and having looked at this extensively – they shouldn’t be), the City can ask us to fund the amount for the park to the City instead. The City has already indicated they will not exercise that option – but it is the City’s right to choose and not ours.</p> <p>In a letter agreement with the Mayor, we committed to the following terms to be included in our Lease with the City, which go beyond the requirements of the initiative and are a benefit to taxpayers:</p> <ul style="list-style-type: none"> <li>• 60 acres of parks along the San Diego River and Murphy Canyon Creek</li> <li>• \$40 million to be spent on the River Park as long as the City provides permits within 2.5 years (excluding the non-jurisdictional floodway from that test). \$20 million spent in all cases</li> <li>• An additional \$12.5 million to construct a pedestrian and bike bridge across the river once permits are received</li> <li>• No intrusions in the riparian buffer in the initial permitting process</li> <li>• We will build and maintain the park in all circumstances for the life of the lease (the City has indicated it will not exercise its option to require park funding be deposited and will ask us to build it)</li> <li>• We have documented these commitments in both a letter to the mayor and a letter to the San Diego River Park Foundation</li> </ul>	<p>“Traditional” development in Mission Valley follows a similar process to SoccerCity. The Civita project’s Specific Plan identifies acreage for parks and requires a subsequent agreement to ensure that parks are built.</p> <p><b><u>Section 3.0 Open Space, Parks, Recreation and Community Amenities:</u></b>  “Area devoted to each of the major open space elements is identified in Table 3-1, Open Space, Parks, Recreation and Community Amenities - Land Use Summary.”</p> <p><b><u>Section 9.4 Phasing:</u></b>  “To ensure public parks and affordable housing are constructed commensurate with the development of residential units, agreements for the construction of parks and affordable housing units shall be entered into prior to the approval of the first final map for Quarry Falls.”</p>	<p>Whereas SoccerCity includes the River Park acreage in land that we pay the City for, and therefore control the ability to develop the River Park, the SDSU West Initiative does not. In fact, proponents specifically carved out the River Park acreage from the site. The City Attorney confirms that “[t]he Existing Stadium Site to be sold to SDSU, et al., does not include the land for the River Park, which would remain under City ownership.”</p> <p>The City Attorney points out the issues with the way SDSU West proponents crafted their initiative, stating “[t]he Initiative does not address who would plan, build, and maintain the River Park, who would obtain any required permits, and how construction and other costs would be funded. There is no remedy in the Initiative if the River Park is not constructed within seven years, or at all.”</p> <p>As highlighted above, the SDSU West Initiative contains no binding commitments on what will be developed on the portion of land purchased, including parks. The City Attorney states “... if the Site is sold to SDSU, it would become State property, and the Board of Trustees would determine the use and development of the Site in its sole discretion. There are no remedies included in the Initiative if the parks are not built.”</p> <p>In summary, the SDSU West Initiative has no control, no plan, no commitment, and no funding for a River Park, leaving the burden on taxpayers.</p>



	<p>Implementing these commitments in a Lease is consistent with the Quarry Falls (Civita) Specific Plan (an EIR approved project), which requires public park commitments to be detailed in a subsequent agreement.</p>		
<p>5. The initiative states that the 12 acres of active use fields and neighborhood parks will be maintained and operated through a joint agreement with the City and Qualified Lessee. Do you plan to fully fund the ongoing operations and maintenance of these fields/parks?</p>	<p>SoccerCity will privately maintain the parks for the duration of the Lease (99 years) at no cost to Taxpayers, and we commit to this in multiple places in the initiative, including:</p> <p><b>Purposes:</b> A key policy for the development of the Property is to assure that no public subsidy or expenditure is required for development. These requirements for potential Leases of the Property have been established by this Division so that the City will not provide subsidies, or be required to make new expenditures, under the standards of any Lease which the City may subsequently approve under this Division.</p> <p><b>Section 61.2803(c)(9):</b> To ensure that no City funds are required to be expended for maintenance of the Property, any Lease shall require the Qualified Lessee to maintain, or cause others to maintain, the Property</p> <p><b>Section 61.2803(p)(3):</b> Nothing in any Lease shall require an expenditure of funds by the City beyond any expenditures already required by other existing City contracts, leases, or agreements, and should any such expenditure otherwise be necessary, any Lease shall provide that the Qualified Lessee shall advance to the City such necessary funds to avoid the need for any expenditure.</p> <p>SoccerCity considers its contributions to Taxpayers through its park commitments to be a significant benefit to San Diego. Maintenance has been estimated to be approximately \$2mm per year, which will be funded privately by SoccerCity for 99 years. We have provided these commitments recognizing the importance of the park to the community residents in Mission Valley, who currently suffer from a significant shortage of parks. That shortage is the result of the failure of other specific plans in the area to fully meet their park requirements onsite, most specifically those built by HG Fenton and Sudberry Properties.</p>	<p>The “traditional” development process in Mission Valley has repeatedly resulted in a significant under-construction of required park space within the confines of the Specific Plans approved in the area. Civita, as the most recently approved Specific Plan in Mission Valley, provides a prime example of the insufficient outcome of the “traditional” development process for onsite park construction. Despite having over 225 acres of land available at the property, the developer, Sudberry Properties, opted to lay off 25% of the required park land from the development to the payment of Development Impact Fees. To be fully compliant on the site, Civita only needed another 6 acres of park out of the 225 acre space. Similarly in the Mission City Specific Plan – an HG Fenton led effort, the EIR projected significant impacts to the local park demands. The park requirements on the site were for 18 acres of a 225 acre development, yet again the remedy was for the payment of Park Fees to the City of San Diego and not construction of the required on-site parks.</p> <p><b>Quarry Falls (Civita) EIR (page 2-23):</b>  “Based on the City’s Progress Guide and General Plan guidelines of a minimum 2.8 useable acres of parkland per 1,000 residents, there is a requirement for approximately 16.64 useable acres of Neighborhood Parks and approximately 6.65 useable acres of Community Park, for a total of 23.29 useable acres of population-based parks for Quarry Falls.... As shown by Table 2-4, Quarry Falls Parks and Recreation Land Use Summary, a total of 17.5 acres of public population-based park area would be provided by the project through a combination of privately owned parks with public easements and public parks. The remaining requirement for population-based community park area would be satisfied by payment of the DIF.”</p> <p><b>Mission City EIR (page IV.I-8):</b>  “the proposed project would require up to 17.75 usable park acreage [sic].”</p> <p><b>Mission City EIR (page IV.I-11):</b></p>	<p>The SDSU West initiative specifically leaves the River Park as a City asset by acquiring only the Existing Stadium Site. The City Attorney has been explicitly clear about whether the SDSU West Initiative requires the Purchaser to build the River Park: “No.” Moreover, she continues “The Initiative does not address who would plan, build, and maintain the River Park, who would obtain any required permits, and how construction and other costs would be funded. There is no remedy in the Initiative if the River Park is not constructed within seven years, or at all.”</p> <p>In fact, the Initiative specifically makes it possible for the City to be required to fund the cost of improving the River Park area. By designating that only the City General Fund shall be protected from paying for the River Park improvements, the SDSU West initiative allows the Capital Improvement Fund to be required to finance the construction. As Taxpayers can see from the following link (<a href="https://www.sandiego.gov/sites/default/files/iba-citizens-guide-to-infrastructure.pdf">https://www.sandiego.gov/sites/default/files/iba-citizens-guide-to-infrastructure.pdf</a>), the Capital Improvements Fund is the primary source of park construction funding in San Diego and that fund does not look to the City General Fund as a “primary source of funding” for capital improvement projects. So while sounding good, the admonition in the SDSU West Initiative that “River Park improvements be made at no cost to the City General Fund” actually leaves the City fully liable for funding the cost of the Park construction as the money would come from a different account.</p> <p>To compound the matter, the ongoing maintenance of the River Park can also be funded by the City of San Diego. The admonition above limits only the improvements, not the maintenance. As can be seen in the following link<sup>1</sup>, the City General Fund does in fact fund the maintenance of the parks in the City, at a cost of almost \$110mm per year. <b>It is therefore possible for the SDSU West initiative to require the City to fund both the construction and the maintenance of the park.</b></p>

<sup>1</sup> <https://www.sandiego.gov/sites/default/files/fy2018parkandrecreationdepartmentbudget.pdf>

	<p>We based the language cited in the question on the Quarry Falls (Civita) Specific Plan to be consistent with an EIR approved project.</p>	<p>“The proposed project would have significant impacts on the ability of schools, parks, police and fire protection to meet the needs of the community...Implementation of the following mitigation measure would reduce the potential direct and cumulative impacts on recreation to below a level of significance...the applicant shall pay all appropriate City of San Diego park fees.”</p> <p>In assessing the likely outcome from a “traditional” development, the Taxpayer should not assume that all parks will get built on the site. Moreover, it is clear from the two specific plans highlighted above and in the immediate vicinity of the stadium site, that the Taxpayer should also not assume that the maintenance of the park would be privately funded. After all, both of these “traditional” developments funded park fees to meet a portion of their park requirements, which result in the park maintenance for that unbuilt acreage being a city problem. To summarize, Taxpayers should look at recent precedents and conclude that full construction of simply the development linked required park on the site will not be automatically guaranteed in “traditional” development nor will the ongoing maintenance of that park space likely be funded by the developer.</p>	<p>Proponents of SDSU West will argue that this issue will be resolved in the sales contract. However, it remains significantly unclear as to whether the CSU system can even contract with the City to use state funds to provide a civic benefit that would otherwise be required of the City of San Diego. It is clear however that the CSU system cannot engage in a legally binding contract without first having completed a CEQA review. With the full site redesign proposed in the various SDSU renderings, that review will likely now be required to be complete for the entire site. As was laid out in comment letters to the City’s EIR for Qualcomm Stadium<sup>2</sup>, “CEQA requires an analysis of the ‘whole of an action, which has potential for physical impact on the environment’...[A]n EIR must include an analysis of the environmental effects of future expansion or other action if: (1) it is a reasonably foreseeable consequence of the initial project; and (2) the future expansion or action will be significant in that it will likely change the scope or nature of the initial project or its environmental effects.” Given that the purchase of the land will inevitably result in the full site redesign for the Qualcomm location, CEQA will seemingly be required for the whole site before the sales contract becomes binding. Notwithstanding that potential issue, the SDSU West initiative states that “after such sale, the Existing Stadium site shall be comprehensively planned through and SDSU Master Campus Plan revision process”. In other words, SDSU will not be required to complete the planning before the sale, and as a result the sales contract between the City and SDSU will likely be binding on the City only.</p> <p><b>Taxpayers should therefore consider the significant risk that not only might the City be required to pay for the park, but that all of the promises about the legally binding nature of the sales contract being made by the proponents of SDSU West are subject to a CEQA lawsuit and have a high probability of being found to be invalid until the Master Campus Plan revision is complete. Taxpayers must also consider the substantial risk that the transfer of the land will be binding upon the City only upon signature, and may or may not become binding against SDSU later.</b></p>
<p>6. Please explain the apparent contradiction between park requirements.</p>	<p>There is no contradiction in these statements. The vast majority of the park acreage only requires city permits to construct. Approximately 1/3 of an acre of the site is in a</p>	<p>Specific Plans approved through the “traditional” development process have not included any such requirements to construct parks early in the life cycle. In fact, the Specific Plan for</p>	<p>In contrast to our well-researched plan to ensure we avoid issues in building the River Park, the SDSU West Initiative merely puts the park construction burden onto the backs of</p>

<sup>2</sup> [https://www.sandiego.gov/sites/default/files/legacy/cip/pdf/stadiumeir/carstens\\_comment.pdf](https://www.sandiego.gov/sites/default/files/legacy/cip/pdf/stadiumeir/carstens_comment.pdf) (page 91)

<ul style="list-style-type: none"> <li>• “The Specific Plan and Initiative create no obligations or requirements on the part of developers within the Plan Area to build or construct parks and/or facilities that require regional, State, or Federal permits.”</li> <li>• “The Lease shall require the Qualified Lessee, and the City as owner of the Property, to both diligently pursue any state and federal permits necessary to construct the River Park, subject to any applicable restrictive use agreement with the United States...If such permits are obtained within 18 months of the Execution Date, then the Qualified Lessee or Qualified Lessee’s designee shall construct the River Park as contemplated in the Specific Plan.”</li> </ul>	<p>floodway (see Exhibit 4 below). This area is in the riparian buffer section of our park, so we do not expect to do anything more than remove impermeable asphalt and restore native plants. Our civil engineers do not expect work on this 1/3 of an acre to require regional, state, or federal permits. As a result, SoccerCity is confident that the park construction only requires City permits.</p> <p>However, to protect taxpayers against litigious parties asserting that CEQA applies to unlikely non-city permits, and therefore the entire park project (thus delaying the construction of the public park), we included language to split that section of the park process from the remainder of the park construction. This allows the construction of all but 1/3 of an acre to proceed without delay, delivering a key civic asset to the Mission Valley Community.</p> <p>SoccerCity’s entire goal from the start of this project has been to avoid delay in the construction of the parks. That is why our Specific Plan requires that “The River Park / Community Park and Active Sports Fields shall commence construction not later than the date of the completion of the Sports Stadium.” (Page 1.4).</p>	<p>Civita simply agreed to work out the timing with the City after the approval process was complete and the public’s input was therefore no longer required:</p> <p><b><u>Quarry Falls (Civita) Specific Plan - 9.4 Phasing:</u></b> To ensure public parks and affordable housing are constructed commensurate with the development of residential units, agreements for the construction of parks and affordable housing units shall be entered into prior to the approval of the first final map for Quarry Falls.</p> <p>Taxpayers should therefore consider the recently evidenced risk that “traditional” development processes have historically failed to provide any certainty at the time of approval for the construction timing of the parks. To wit, Civita announced with much fanfare the unveiling of their first park acreage in 2017, almost 9 years after the development was approved. This proxy should serve as a good indicator for Taxpayers as to the likely speed of park construction should the project be processed under the “traditional” development plan.</p>	<p>taxpayers by leaving the land with the City and adding municipal code language that it must be constructed within 7 years. The City is therefore forced to deal with putting together a plan and relying on taxpayers to fund and maintain the park.</p> <p>Worse still, the SDSU site plan appears to contemplate significant regrading of the River Park, with excavated dirt moved north to facilitate underground parking. Unlike the SoccerCity plan, the SDSU site plan directly implicates the state and federal permitting issue that this question raises.</p> <p>While admittedly the site design presented to date for the site is entirely non-binding and can be changed without any obligation to meet City requirements, Taxpayers should seriously consider the risk that SDSU West plan would (1) require the City to fund the park, (2) require the City to fund the maintenance of the park and (3) cause significantly delay to the park construction while the sales contract was negotiated and the various federal and state agencies were engaged for permits.</p>
<p>7. Is anything legally required if federal/state/regional permits are required for development? The above statement would indicate not.</p>	<p>Park funding or construction (preferably construction as detailed above) is legally required for all areas where only city permits are required. If there is an area where non-city permits are required, park funding is required, but that area would not be tied to the remainder of the park construction, and a CEQA trigger would not apply to the entire park construction. We plan to construct the park in these areas, if they arise. Again, this is thoughtfully structured to allow us to provide taxpayers a new park without unnecessary delay.</p>		<p>More broadly than permits, the SDSU West Initiative contains no binding development requirements. The City Attorney states “... if the Site is sold to SDSU, it would become State property, and the Board of Trustees would determine the use and development of the Site in its sole discretion.”</p>
<p>8. How much, if anything, is the Qualified Lessee actually required to provide for the River Park and “to improve City land for public recreation purposes under any Lease and the Specific Plan?”</p> <ul style="list-style-type: none"> <li>• Because the lease will clearly be executed after December 31, 2017, the lessee’s obligation is reduced by</li> </ul>	<p>We have committed to pay full Fair Market Value for the site, including the River Park acreage, to construct park acreage required by the development intensity on site, and <u>in addition to that</u>, to spend at least \$20 million on a River Park as a contribution to the public, benefitting taxpayers. Taxpayers get paid for the park acreage and aren’t required to pay for a major regional park. This is the exact opposite of the SDSU West plan which doesn’t pay the City of the park acreage and requires the City to construct a park (which the private developers promoting the SDSU West plan have said will improve their land value).</p>	<p>“Traditional” development in Mission Valley did not include park acreage in excess of population based requirements.</p>	<p>The SDSU West Initiative does not provide any funds for the River Park.</p>

<p>\$20,000,000. This language does not seem to specifically tie the obligation to the River Park, but to recreation purposes as a whole. Please clarify.</p>	<p>Regarding timing, the Initiative contemplated a special election but specifically allows changes we agree to.</p> <ul style="list-style-type: none"> <li>• The initiative specifically contemplated a special election date, and sought to de-incentivize delay from litigation etc.</li> <li>• Importantly, we specifically allow in the initiative for changes to the terms of the lease that the Qualified Lessee agrees to</li> <li>• Our letter to the Mayor constitutes a letter agreement, authorizing him to ensure that all of those terms are in fact incorporated into the lease</li> <li>• We communicated our agreement with the Mayor to construct the park “consistent with the current adopted goals and objectives of the San Diego River Park Foundation” starting no later than 2020 and with a \$40 million commitment for 30 months.</li> </ul>		
<p>9. Please clarify the intended timing for construction of the stadium, as there is contradictory language in the initiative and its exhibits.</p> <ul style="list-style-type: none"> <li>• “The River Park/Community Park and Active Sports Fields shall commence construction not later than the date of the completion of the Sports Stadium”</li> <li>• “This Specific Plan does not require that the development occur in any particular order”</li> <li>• “The Developer shall have the right (without the obligation) to develop the property in such order and at such rate and at such time as the Developer deems appropriate within the exercise of its business judgment”</li> <li>• “Nothing in this Agreement shall be deemed to obligate the Developer to initiate or complete development of the Property as contemplated in the Specific Plan, or any portion thereof, within any</li> </ul>	<p>We intend to start construction on the stadium <u>immediately</u> – we will need an MLS approved venue for our team to play, as SDCCU Stadium does not suffice. Furthermore, as a taxpayer protection, we included a reverter right so that the City can cancel our lease if the stadium is not constructed.</p> <p>“Reverter Right means the right of the City to cancel any Lease under this Division and take further actions to regain occupancy or ownership of the Property if the Qualified Lessee fails to complete the construction of the Joint Use Stadium on the Existing Stadium Site by the date which is seven (7) years from the Execution Date, subject to, and as further defined within, the provisions of this Division.”</p> <p>The last bullet point in your question is curiously misleading as the first part of the sentence was deleted and “Nothing” was capitalized to indicate that it was the start of a sentence. The actual sentence from the Development Agreement within our initiative reads (emphasis added):</p> <p>“<b><u>Except as otherwise specified in this Agreement or in any applicable lease of the Property between the Developer and the City</u></b>, nothing in this Agreement shall be deemed to obligate the Developer to initiate or complete development of the Property as contemplated in the Specific Plan, or any portion thereof, within any time period of time or at all or to develop the Property or any portion thereof to the full size or density allowed in the Specific Plan.</p>	<p>“Traditional” development in Mission Valley provided the basis for our approach to ordering the development. Our language cited in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet points of the question is based on the development flexibility terms in the Quarry Falls (Civita) Specific Plan, to be consistent with an EIR approved project.</p> <p><b>Section 9.4 Phasing:</b>  “Table 9-3, Quarry Falls Phasing Summary Table, summarizes each of the phases of development. This Specific Plan does not require that phases occur in any special order. Phasing may occur in any order, and more than one phase may occur at one time”</p>	<p>The economic motivations for new stadium construction are less clear for SDSU, because of the current situation whereby City taxpayers subsidize stadium operations for the university. In 2016, SDSU paid the City \$112,079 in facility fees for the use of the then Qualcomm Stadium, while the City absorbs 100% of the losses operating the stadium (budgeted to be \$8.7 million in FY2017), resulting in an approximately \$8.5 million per year subsidy from City taxpayers to SDSU.</p> <p>SDSU stadium designers have proposed a \$250 million stadium which the Athletic Director has said will be 100% debt funded with a payment of approximately \$15 million per year. Relative to the operating subsidy that SDSU currently incurs, a new stadium would add \$15 million per year in debt cost plus take on the expenses of operating the stadium. While SDSU would receive naming rights revenue at a new stadium, the recent sale of those to SDCCU for \$500,000 per year indicates that revenue stream would not offset the additional \$20+ million of operating and debt costs. It should be challenging for the CSU Trustees, who are fiduciaries, to take on \$20 million per year more in expenses for a stadium, resulting in significant uncertainty around timing (and execution of) construction of a stadium, and putting taxpayers in the unenviable position of funding the current stadium losses for an indeterminate period of time.</p>

<p>time period of time [sic] or at all or to develop the Property or any portion thereof to the full size or density allowed in the specific plan.”</p>	<p>This is basic legal phrasing- that the Development Agreement and Lease govern the process, and they shouldn't be misinterpreted or misconstrued (or, ironically, cherry-picked to mislead).</p>		
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Responses submitted by an external party and not endorsed by SDCIA

**Exhibit 1: Quarry Falls Development Table 9-1**

**Table 9-1. Quarry Falls Zones and Development Intensity**

Planning District	Land Use	Net Area	Subdistrict	LDC Zone	Intensity Range (du/ac)	Development Intensity Range	Target Density
Park District	Parks, Open Space, Civic, Community	12.4	Park	OP-2-1	N/A	N/A	N/A <sup>1</sup>
		2.1	Community Recreation Center	RM-1-1		0 sq. ft. -10,000 sq. ft.	4,000 sq. ft.
		4.6	Civic Center	RM-1-1		0 sq. ft. – 15,000 sq. ft.	0 sq. ft. <sup>1</sup>
Ridgetop District	Residential	4.0	Ridgetop West	RM-1-1	6 – 14.5	24 du – 58 du	41 units
		6.3	Ridgetop East	RM-2-4	6 – 24.9	37 du – 156 du	59 units
Foothills District	Residential	15.4	Foothills North	RM-3-7	10 – 43.5	154 du – 670 du	363 units
		9.4	Foothills Southwest	RM-3-8	20 – 54.5	187 du – 510 du	376 units
		6.3	Foothills Southeast	RM-4-10	20 – 108.9	126 du – 688 du	383 units
Terrace District	Residential	11.2	Terrace North	RM-3-8	20 – 54.5	223 du – 608 du	470 units
		4.7	Terrace West	RM-3-7	10 – 43.5	48 du – 209 du	154 units
		10.5	Terrace South	RM-4-10	20 – 108.9	211 du – 1,147 du	812 units
Creekside District	Residential Urban Village	20.5	Creekside West	RM-3-9	20 – 72.6	410 du – 1,490 du	1,353 units
		5.4	Creekside Central	RM-4-10	40 – 108.9	215 du – 586 du	358 units
		5.0	Creekside East	CC-3-5	0 – 29.0	0 du – 145 du 50,000 sq. ft. – 130,000 sq. ft.	84 units 80,000 sq. ft.
Village Walk District	Urban Village	19.5	N/A	CC-3-5	0 – 29.0	0 du – 567 du 250,000 sq. ft. – 650,000 sq. ft.	327 units 430,000 sq. ft.
Quarry District	Multiple Use	12.9	N/A	IL-3-1	N/A	245,000 sq. ft. – 750,000 sq. ft.	390,000 sq. ft.
<b>Maximum Allowable Development Intensity</b>							<b>4,780 units 900,000 sq. ft. Commercial Retail and Office<sup>2</sup></b>

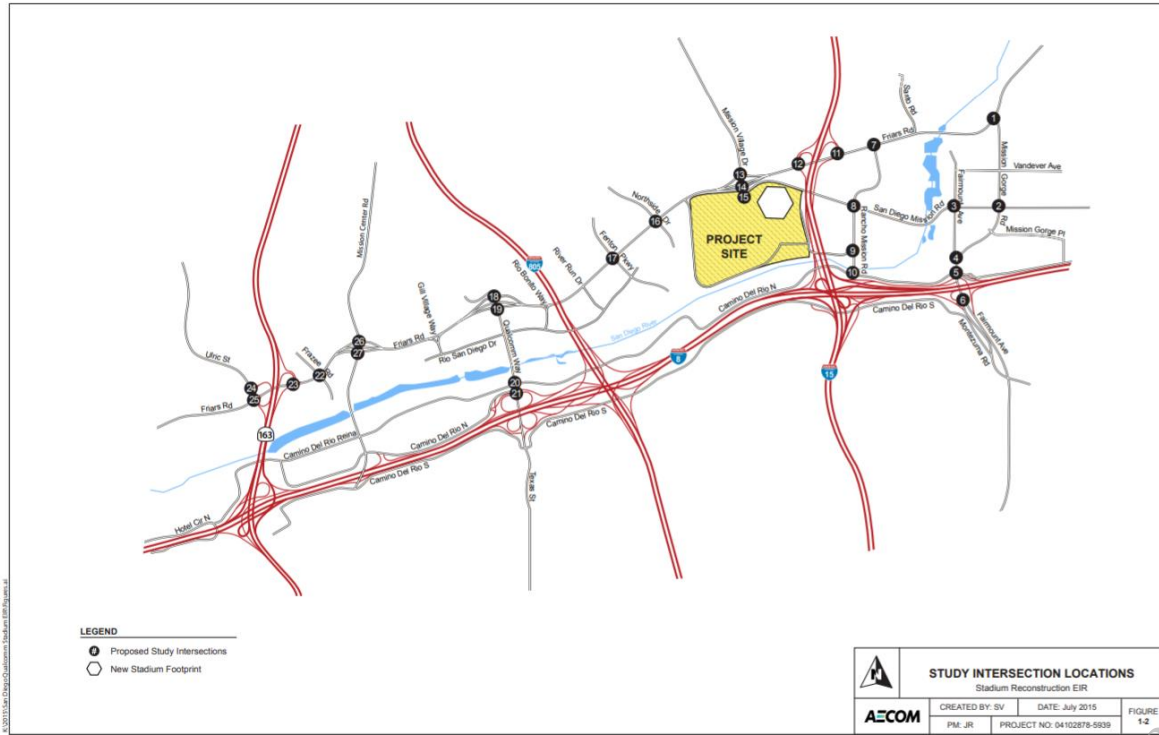
LDC – Land Development Code  
 du – dwelling units  
 du/ac – dwelling units per acre  
 sq. ft. – square feet

<sup>1</sup> Traffic generation for the Park District on a per acre basis has been included in the Traffic Impact Study (TIS) prepared by Katz, Okitsu & Associates (September 2007).

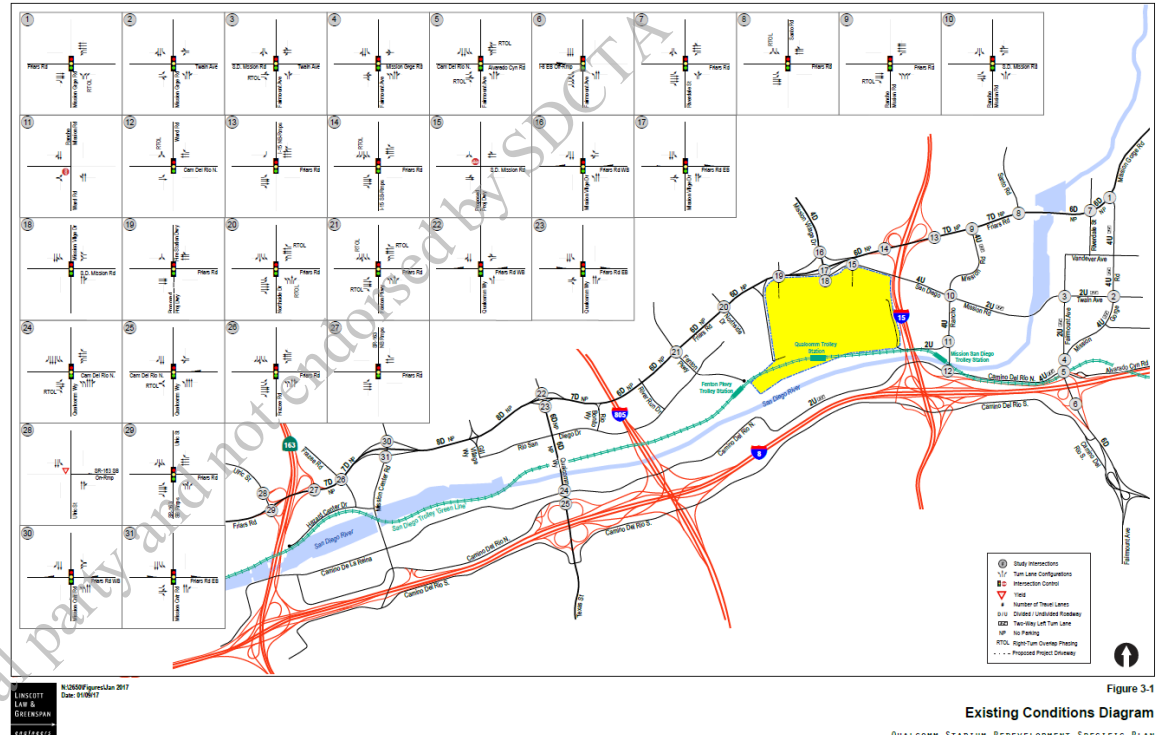
<sup>2</sup> A maximum of 1,680 driveway ADT (equivalent to 280 residential units) may be transferred from residential land use to commercial land use to increase the maximum development intensity in excess of 900,000 square feet, subject to the Density Transfer provisions of this Specific Plan.

Responses submitted by an external party are not endorsed by SDCCTA

**Exhibit 2: City of San Diego EIR Traffic Report**



**Exhibit 3: SoccerCity Traffic Report**



Responses submitted by an external party and not endorsed by SDCTA



Figure 9-3. Maintenance Requirements



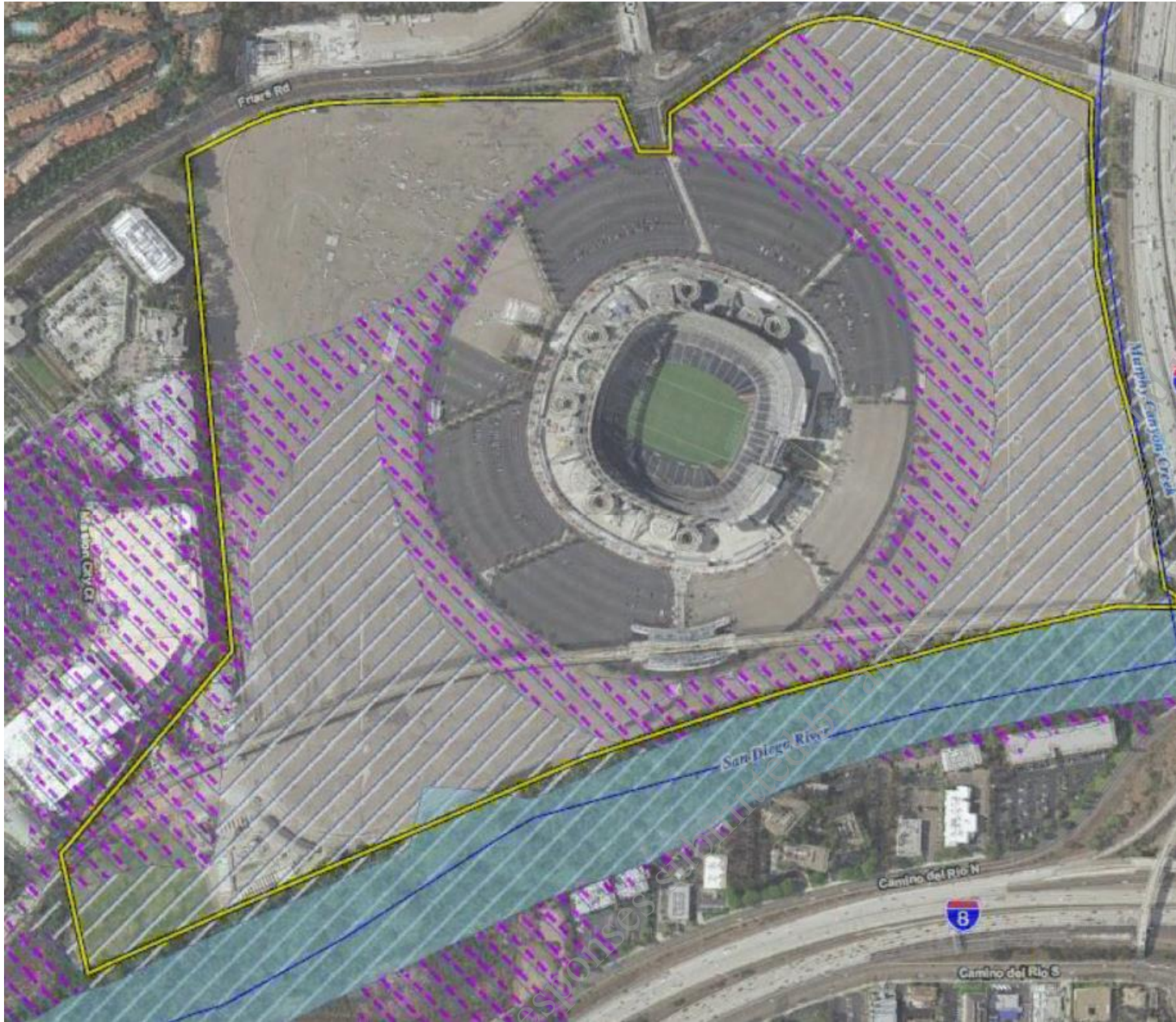
Areas that will be maintained by a property owners association, maintenance assessment district, or other means acceptable to the City of San Diego.

Conceptual design for illustrative purposes only. Actual design may vary from this typical representation.

Responses submitted by an external party and not endorsed by SDCTA



**Exhibit 5: Floodway Map**





August 29, 2018

San Diego County Taxpayers Association  
1855 First Avenue, #201  
San Diego, CA 92101

Dear Mr. Hong and Staff:

We are writing on behalf of the No on SoccerCity coalition to urge you in the strongest possible terms to oppose the SoccerCity initiative. To put this in context, our companies would not normally oppose a project such as this one. We didn't come to this position lightly but, given the importance of this site and the impacts of this proposal, we have been left with no choice. The proposed development seeks only to maximize profits for a group of wealthy investors, at the expense of our city, taxpayers and San Diego State University.

First and foremost, we are deeply concerned by the **perpetual traffic gridlock** that SoccerCity would create in Mission Valley and surrounding communities. An independent analysis by SANDAG, jointly paid for by SoccerCity and us, showed this plan would create **nearly 100,000 new vehicle trips a day**. And unlike other large-scale development projects, the SoccerCity initiative states that its investors are not responsible for off-site traffic mitigation, which means the City and taxpayers will be left to deal with the cost of mitigating SoccerCity's traffic impacts. That's the equivalent of constructing a city the size of Solana Beach in the heart of Mission Valley – all **without a single major traffic improvement**.

Additional concerns with SoccerCity include:

- **SoccerCity would deprive the City of millions of dollars.**  
The initiative's land lease and sales terms, according to Cybele Thompson, director of the City's Real Estate Assets department, "would not optimize a financial return for the City" and would hand FS Investors the land for what is "clearly below a fair market value."
- **SoccerCity does not meet the needs of San Diego State University.**  
FS Investors refused to give SDSU what it needs on the Mission Valley site to support its athletic, academic, research and enrollment goals.
- **SoccerCity doesn't guarantee a professional soccer team, a stadium or a river park.**  
The City Attorney has stated that none of these alleged guarantees are actually required, and it is unlikely that these will ever come to fruition.

Perhaps more concerning, though, was the invocation of Sudberry Properties' Civita development as a reasonable comparison to SoccerCity in the response submitted by the initiative's proponents. What's presented is an inaccurate and, frankly, disingenuous comparison between the projects as an almost laughable attempt to suggest that SoccerCity would provide greater taxpayer protections than Civita, which was planned and entitled through a lengthy, open and transparent process that met all City standards for responsible development and included a plan to mitigate potential environmental and traffic impacts in compliance with the California Environmental Quality Act. In the attached document, you will find more detailed clarifications and corrections to each of the misconceptions presented.



Despite what you may have heard, we do not want to develop the stadium site, nor are we concerned with competition – our concern is only the devastating impacts that SoccerCity will bring to Mission Valley, the surrounding communities and all of San Diego. To dispel any misconceptions and eliminate any perceived conflicts of interest, we support SDSU, but neither of us will have any financial interest in SDSU’s development of the stadium site.

We appreciate the opportunity to share our feedback and ensure that San Diego voters have all of the relevant information before making a decision regarding the future of the existing stadium site.

Sincerely,

A handwritten signature in black ink that reads "Tom Sudberry".

Thomas Sudberry  
Sudberry Properties

A handwritten signature in black ink that reads "Mike Neal".

Mike Neal  
H.G. Fenton Company

Responses submitted by an external party and not endorsed by SDCIA

## San Diego County Taxpayers Association Questions

Soccer City is pleased to provide its response to the San Diego County Taxpayers Association Questions with respect to obligations and commitments made at the SDCCU (fka Qualcomm) site. We suspect you will find below a constantly recurring theme: (1) SoccerCity has a set of detailed commitments made in its public documents to the taxpayers of the City of San Diego; (2) those commitments go above and beyond the precedent set by the most recently approved specific plan processed through the traditional City of San Diego development channel and therefore reflect the additional value conveyed to taxpayers by the investors behind SoccerCity to reflect the extraordinary circumstance of securing a new professional sport for San Diego (please note here this is additional value given to taxpayers rather than requested from taxpayers to support sports at the Qualcomm site), and finally (3) that the incredible scarcity of binding commitments in the SDSU West proposal (apart from the constant refrain that it is up to Sacramento to decide) stand in stark contrast to the details provided by SoccerCity.

In terms of development footprint and location, our project is similar to Civita (fka Quarry Falls), a traditionally planned project (EIR) approximately 1 mile from the SDCCU Stadium site. Civita is a mixed-use development with 4,780 units of housing and a less balanced mix of uses being developed by Sudberry Properties, a major funder of groups opposing SoccerCity. It is the most recent specific plan approved from Mission Valley and is still early in the process of its development. As such, it provides a valuable example of what can reasonably be expected from the Mission Valley Community by "traditional development". It took years to develop and certify and is now years behind plan – neither of which bode well for any near term development at Qualcomm if processed "traditionally". Where applicable, we will include a comparison to Civita to show the output of a traditionally planned process as well as the wide range of positions that Sudberry Properties has supported, between their own development at Civita, opposition to SoccerCity, and support for SDSU West.

Question	SoccerCity	"Traditional" Development: Civita (Sudberry Properties)	SDSU West (Sudberry Properties, HG Fenton and Other Private Developers)
1. The Specific Plan indicates a minimum of 10% of total gross square footage must be reserved for office space and 3% of total gross square footage must be reserved for retail space. What is your estimate of the amount of units this would create?	<p>Assuming "units" refers to new housing units, 4,800. We intend to follow through on our plan to bring a new MLS team to San Diego with a great fan experience anchored by a sports and entertainment district as part of a live-work-play, property tax generating redevelopment with 4,800 housing units (including 480 affordable plus 800 student-focused) among its mix of uses. These commitments ensure that SoccerCity will always provide a mix of uses. We do not anticipate, nor would it make economic sense for a rational reviewer to conclude, that we would end up with limited development and therefore tax generation from the site.</p> <p>SoccerCity's minimum development thresholds are an improved form of the minimum density concept in the Quarry Falls Specific Plan (a "traditionally" approved project), which sets forth minimum development standards for the project. By establishing minimum square footage percentages for certain uses, SoccerCity ensures that the project will always provide a mix of uses on the site. We believe this commitment goes beyond what the most recent precedent in the area provides, while providing appropriate opportunity for the land to be used optimally as a whole. That being said, clearly the incentive here for all parties is to ensure that the site's potential is maximized.</p>	<p>The Civita project (the most recently approved specific plan in Mission Valley) allows for a very wide range of development in each subdistrict. Importantly however, we can find no indication of a fixed minimum development intensity enforced across the entire site. Moreover, we find no comparable mix of uses requirement. Based on the most recent precedent in Mission Valley, taxpayers should not rely on receiving a mixed use commitment for development processed "traditionally".</p> <p>The Civita project roughly approximated sub-district based minimum development thresholds (assuming that sub-district was ultimately developed). Those were laid out in the Quarry Falls Specific Plan as follows:</p> <p>"Minimum Density (Specific Plan): 9.7.3 Any such transfer under these situations must leave the "donor" planning district or subdistrict with at least enough dwelling units or development intensity to allow development of the donor planning district or subdistrict at the lowest density permitted by the density ranges established in this Specific Plan and presented in Table 9-1. For this Specific Plan, this is referred to as the "minimum development intensity" and is shown as the lower range of Development Intensity Range in Table 9-1."</p>	<p>As the City Attorney points out in her March 1, 2018 report: "The language of the initiative does not bind SDSU...If the Existing Stadium Site is sold to SDSU, the State Board of Trustees will determine the use of the Site in its sole discretion...The Initiative does not contain a Specific Plan that will control the development of the Existing Stadium Site".</p> <p>In other words, nothing in the Initiative binds the State of California to any development standards or requirements on the site. In fact, the Initiative specifically states that after the sale "the Existing Stadium Site shall be comprehensively planned through an SDSU Campus Master Plan revision process". The City Attorney concludes that "Therefore, the final development plan for the Existing Stadium Site will not be known until the Master Campus Plan revision process is complete, CEQA review has been performed, and the State Board of Trustees grants its approval."</p> <p>The taxpayers of San Diego will therefore be required to wait until the State of California has decided what will be built on that site before we will know what if any uses will be valuable to the City. Moreover, the determination for the tax base the site will generate for San Diegans' will be surrendered entirely to the State of California.</p>

Civita is a responsibly planned development, which received its entitlements through the City of San Diego's traditional process. What the SoccerCity proponents ignore is that there's much more than just the specific plan governing Civita. The development, like all traditional entitlements, is also directed by a Vesting Tentative Map that clearly outlines the zoning of each portion of the development site, a Planned Development Permit and a Mitigation Monitoring and Reporting Program (MMRP) to ensure compliance with all appropriate mitigation measures identified as the project was developed. Comparison of Civita's Specific Plan to SoccerCity in a vacuum - without taking into consideration the bigger picture and understanding the overarching regulatory controls that the other entitlement documents provide the City and the public - is disingenuous, at best.

This is incorrect. SDSU West is an initiative proposed by the Friends of SDSU, a group of alumni, community and business leaders.

H.G. Fenton and Sudberry Properties support the Public Land, Public Benefit Coalition in opposition to SoccerCity.

Despite what you may have heard, neither H.G. Fenton nor Sudberry Properties want to develop the stadium site, nor are they concerned with competition – their concern is only the devastating impacts that SoccerCity will bring to Mission Valley, the surrounding communities and all of San Diego. To dispel any misconceptions and eliminate any perceived conflicts of interest, both companies support SDSU, but neither will have any financial interest in SDSU's development of the stadium site.

		<p>As you can see from Table 9-1 (exhibit 1), the range of uses allowed for each subdistrict was incredibly wide (ranging in excess of 1,000 dwelling units in some sub-districts), giving a broad degree of latitude to the developer to determine what would be built in each area.</p>	
<p>2. The Specific Plan outlines 71,533 new daily vehicle trips. Is this the absolute maximum allowed, or could the plan go beyond this number?</p>	<p>The SoccerCity Specific Plan caps trips at 71,533, and actually has more specific caps on peak hour trips to minimize the impact on local taxpayers.</p> <p><b>Section 8.1 of the Specific Plan states:</b>          “The maximum amount of development in the River Park and Mixed Use Site is limited by peak hour trips in order to minimize or avoid impacts to intersections in and around the River Park and Mixed Use Site. Build-out development within the River Park and Mixed Use Site on a typical day with no games, shall not generate more than 71,533 total driveway ADT and not more than 4,849 total driveway AM peak-hour trips, (2,993 in and 1,856 out) and not more than 7,150 total driveway PM peak hour trips (3,225 in and 3,925 out).”</p> <p><b>Moreover, section 5.5 of the Specific Plan states:</b>          “the Director of Development Services or his/her designee shall prepare a Traffic Worksheet (see Appendix D) to monitor the total traffic generated for each development in the River Park and Mixed Use Site to ensure that it does not exceed the total allowable traffic per the Specific Plan.”</p> <p>Notwithstanding the claims to the contrary by groups who claim to have read the initiative, the Specific Plan does not allow development that creates more than the trips determined by our comprehensive traffic analysis.</p> <p>We based our language for this on the Quarry Falls (Civita) Specific Plan to be consistent with an EIR approved project.</p>	<p>“Traditional” development in Mission Valley creates very similar results to SoccerCity. The Civita project’s Specific Plan specifically authorizes very similar caps on vehicle trips.</p> <p><b>Section 9.1 Development Intensity:</b>          “The maximum development intensity allowed in Quarry Falls is based on the amount of traffic generated by the “target development intensity” allowed in this Specific Plan. This overall maximum driveway ADT has been developed based on the overall land use concept and vision for the project, as presented in a Traffic Impact Study prepared for Quarry Falls by Katz, Okitsu &amp; Associates (September 2007). The project-specific Traffic Impact Study further limits the maximum amount of development in Quarry Falls by peak hour trips in order to minimize or avoid impacts to intersections in the project area. Based on the Traffic Impact Study, build-out development within Quarry Falls shall not generate more than 2,008 ADT “in” and 2,181 ADT “out” AM peak-hour trips, and not more than 3,452 ADT “in” and 2,998 ADT “out” PM peak-hour trips”</p>	<p>It is important to remember the statement above, which can be summarized as “nothing shown today about the potential development intensity on the site is binding”. Equally importantly, the City Attorney highlights that the Initiative “expressly authorizes a sale to parties other than SDSU”. She further poses the question “Will Adoption of the Initiative require that the development outlined in the Initiative be built?” and answers “No.”</p> <p>That being said, the statements of those affiliated with the plan today are still enlightening (particularly considering the fact that they are provided with knowledge the statements are non-binding and in the midst of a political campaign where traffic is a significant concern). The traffic report released by consultants working on the SDSU West affiliated redevelopment suggest peak hour trips (AM plus PM) that are only 2% less than SoccerCity. While that difference in peak hour trips is non-binding, the economic incentive at the time will generally be to build more and not less. In other words, the SDSU West proposal suggests only 2% less peak rush hour trips than SoccerCity.</p> <p>So, the same number of trips, but no mitigation. Unfortunately for taxpayers, the Initiative (even if it was binding on SDSU) only commits the purchaser to “take steps to reach agreements with the City of San Diego...regarding the payment of fair share mitigation costs for any identified off-site significant impacts related to campus growth”. Given the pending changes in CEQA (<a href="http://resources.ca.gov/ceqa/docs/update2018/proposed-regulatory-text.pdf">http://resources.ca.gov/ceqa/docs/update2018/proposed-regulatory-text.pdf</a> see section 15064.3 - currently in final rule making confirmation), that language would result in \$0 of mitigation to address these trips, a major detriment to taxpayers.</p> <p>It is comparably surprising that those parties indicating concern about traffic (Sudberry Properties and HG Fenton through their exclusive funding of the opposition campaign to SoccerCity) should also be supporting the SDSU West Initiative.</p>

According to the SANDAG model, the amount of traffic generated by SoccerCity will be more than 35 percent greater than this number that was presented in FS Investors’ traffic study.

To put this in perspective, if Civita’s traffic analysis would have been done using the same gimmicks as SoccerCity, the project would show significantly lower traffic volumes resulting in significantly less traffic mitigation.

SoccerCity has four times more commercial square footage than Civita. Given that commercial development generates the most traffic of any land use - by far - the fact that the two developments have very similar caps on vehicle trips is disingenuous, to say the least.

<p>2.(a) Are some or all of these required to be addressed/mitigated by specific language in the initiative?</p>	<p>Yes, Table 5.2 in the Specific Plan contains a detailed list of improvements that will be privately funded and are matched to trips generated, all the way up to the cap. Section 5.5 of the Specific plan ensures that the funding or construction of improvements is completed at the time building permits are issued.</p> <p><b>Importantly, the SoccerCity initiative requires the amount of payment for the potential mitigation should be calculated at the time it is owed – meaning SoccerCity absorbs the risk of cost increases.</b> As will be seen, this is not a universal feature among precedent developments, and we believe it is a significant benefit to San Diego’s taxpayers, who will be protected from that cost increase in the SoccerCity plan.</p> <p>We modeled our formula of construction or funding on the Quarry Falls (Civita) Specific Plan.</p>	<p>By contrast to the SoccerCity assessment of cost of improvements at the time, Civita (a proxy for “traditional” developments) attempted to price significant improvements to Highway 163 at a fixed price in 2007 dollars. <b>That language would have exposed taxpayers to the difference between an inflation index and the actual cost of construction.</b></p> <p>As just one example, the Civita EIR highlighted: “Friars Road/SR-163 Interchange – Construct the following local improvements: widen the northbound approach of the SR-163 SB southbound off ramps; widen southbound Ulric Street at Friars Road; reconfigure southbound approach of Friars Road and SR-163 northbound ramps; widen westbound Friars Road from Frazee Road to SR-163 northbound ramps; widen eastbound Friars Road at Frazee Road. <b>The City may require the project to pay \$5,000,000 (2007 dollars) to the City in lieu of constructing such local improvements to assist in the funding of a comprehensive set of improvements at this same location.</b>”</p> <p>Taxpayers should appropriately consider the risk that “traditional” development often results in traffic compromises that do not protect taxpayers from liability for either cost mismatches or unfunded impacts (see below).</p>	<p>As highlighted above, there are no commitments made in the SDSU West initiative that bind SDSU (if they are the ultimate purchaser) to development intensity or mitigation requirements. As the City Attorney highlights: “if the Site is sold to SDSU, it will become State property, and the development process would be governed by State law, not the City’s development regulations or processes.”</p> <p>The City of San Diego’s experience with traffic mitigation proposals by SDSU is poor. In the Adobe Falls case, SDSU refused to perform traffic mitigation and self-certified the EIR for their construction of the campus expansion. That matter required almost a decade of litigation to resolve, with the Supreme Court of California ultimately finding in favor of the City (City of San Diego v. Board of Trustees of the California State University). Over ten years after the Board of Trustees self-certified an EIR with insufficient traffic improvements, SDSU recently released its updated traffic mitigation analysis, allowing for the expansion of an additional 10,000 students on a site other than Qualcomm (one currently owned by the University). The City of San Diego responded to that analysis concluding it was “still incomplete”. Taxpayers must appropriately consider the risk associated with relying on CSU funded traffic improvements that are not legally binding, are likely to be no longer required by CEQA (the lynchpin for the City’s success in litigation), and have a poor history of compliance.</p>
<p>2.(b) Is this the only factor other than the ability to obtain permits that determines the actual amount of units developed?</p>	<p>Many factors, such as market conditions, etc. could affect the process, but we intend to follow through on our plan to bring a new MLS team to San Diego with a great fan experience anchored by a sports and entertainment district as part of a live-work-play, property tax generating redevelopment with 4,800 housing units (including 480 affordable plus 800 student-focused) among its mix of uses.</p>	<p>Our specific plan language closely mirrors that of Civita in stating a maximum intensity on the site as determined by peak hour trips.</p>	<p>This contrasts with the SDSU West Initiative, which contains zero binding limits in either direction on development intensity, as all decisions are to be made by the CSU Trustees.</p> <p>Notably, the university’s current campus expansion (Alvarado campus) which will provide for the next 10,000 student increase in enrollment (mentioned above), is a 55-acre project including 348-units of housing, 612,000 sqf of office buildings for academic research and medical use, a 120-room hotel, a 70,000 sqf conference center, student housing for 3,400 students, and a 15,000 sqf administration building. An EIR for this project was prepared in 2005, and the project is still pending. If the university follows through on its stated preference for contiguous campus expansion prior to off-site expansion, development on the Qualcomm site could follow 1) conclusion of litigation on the Alvarado campus, 2) build-out of the Alvarado campus, 3) enrollment of an additional 10,000 students, 4) development of a new master plan to meet the</p>

None of these improvements are required to happen under SoccerCity’s initiative. If the permits are not secured by the City, development can still move forward.

The 2007 figures are base numbers, indexed to construction inflation monthly. These numbers are included in City documents in this manner for this exact reason to reflect inflation and ensure a fair return for the city.

Same as above, the costs are indexed to 2007 specifically to ensure that everything will be adjusted to account for inflation. The figure cited here, for example, has increased significantly as a result of this indexing, and that is exactly why the City does it this way. Put another way, this is a key taxpayer protection.

			<p>needs of additional students 10,001+, 5) CEQA process for new the master plan, and 6) litigation of the CEQA. Under this scenario, site development could be unknown for decades and taxpayers would likely be forced to continue subsidizing stadium operations.</p>									
<p>2.(c) Is your traffic analysis and mitigation in line with CEQA guidelines for the evaluation of transportation impacts?</p>	<p>Yes, our analysis was based on the Stadium Replacement EIR conducted by the City on the exact same site. Both our traffic studies use the Highway Capacity Manual 2010, current Significance Criteria, and Horizon Year 2035, in contrast to previous Mission Valley developments such as Civita, which used the Highway Capacity Manual 2000, pre 2007 Significance Criteria (2x more lax), and Horizon Year 2030. One key example of the consistency of traffic analysis is intersections studied- the City EIR analysis studied 25 intersections (Exhibit 2), and we studied 29 intersections (Exhibit 3).</p> <p>Our traffic mitigation goes \$50 million beyond the pending CEQA guidelines, resulting in an equivalent benefit to taxpayers. Our initiative requires a set of mitigations tied to trip generation that civil infrastructure contractors have estimated will cost \$50 million. New CEQA guidelines presume no significant impacts for the site: "Generally, development projects that locate within one-half mile of either an existing major transit stop... may be presumed to cause a less than significant transportation impact."</p>	<p>Looking at historical projects approved through the "traditional" development and CEQA process, our project mitigation again outperforms. Civita is again an excellent comparison.</p> <table border="1" data-bbox="844 435 1289 522"> <thead> <tr> <th>Unmitigated Impacts</th> <th>SoccerCity</th> <th>Civita</th> </tr> </thead> <tbody> <tr> <td>Direct</td> <td>3 (freeway only)</td> <td>13</td> </tr> <tr> <td>Cumulative</td> <td>7 (freeway only)</td> <td>30</td> </tr> </tbody> </table> <p>In fact, several of the significant impacts that Civita claimed were incapable of being mitigated will have mitigation funded by SoccerCity.</p> <p>Taxpayers should appropriately consider the fact that recent precedent developments do not guarantee all traffic issues are mitigated. In fact, just the opposite. The most recently approved Specific Plan in Mission Valley managed to refuse to pay for mitigation of many more intersections and road segments than SoccerCity.</p>	Unmitigated Impacts	SoccerCity	Civita	Direct	3 (freeway only)	13	Cumulative	7 (freeway only)	30	<p>New CEQA guidelines will no longer require any traffic mitigation at the site, allowing the private developers SDSU has indicated will be developing the site to generate unquantified impacts with \$0 in mitigation. If traffic truly is an important factor, only SoccerCity provides certainty about both the amount of impact and mitigation invested.</p> <p>For those truly concerned about traffic, the lack of certainty about the ultimate development intensity in SDSU West should be highly troubling. With economic incentives to build more and not less and with the potential for no constraints created by traffic mitigation costs or applicable City regulations, the prospect for unmitigated traffic issues are far greater at SDSU West. Taxpayers should consider not only the loss of the \$50mm of traffic improvements provided by SoccerCity, but not provided by SDSU West for much the same traffic load if 15064.3 is finalized as expected (see above). Taxpayers must also take into account the additional significant risk of substantially more development on the site without associated traffic mitigation funding or construction.</p>
Unmitigated Impacts	SoccerCity	Civita										
Direct	3 (freeway only)	13										
Cumulative	7 (freeway only)	30										
<p>3. What would cause the stadium to be developed such that it could accommodate SDSU's football team, and in what instance would you work to lease property to SDSU for its educational facilities?</p>	<p>During the roughly 2 years we worked hand in hand with SDSU (prior to the interference from the SDSU West Initiative proponents), we designed a stadium that works great for both MLS soccer and SDSU football, a design and proposal that would save SDSU (either through student fees, or taxpayer backed debt) \$150 million versus building a stadium on their own. SoccerCity also saves SDSU (or the City of San Diego) millions each year in stadium operating costs for the football program, which are currently \$7m per year and paid by taxpayers. That stadium option remains available for SDSU should they choose to better spend the extra \$150 million on improving student life, enhancing research facilities, increasing salaries for faculty or any of the numerous better uses for those dollars.</p> <p>We have committed to provide SDSU with the 35 acres it has publicly stated it needs for expansion (see the University's letter to the Mayor in March 2017). That commitment is reflected in the letter we have sent to the City Council and the</p>	<p>It is noteworthy that the owners of Civita with its half million square feet of undeveloped commercial space roughly 1 mile from the SDCCU site have not made any public accommodation for SDSU's long term educational needs. That lack of a commitment comes notwithstanding the support of SDSU West and its claim that the University is landlocked on the Mesa.</p> <p>Should neither SoccerCity nor SDSU West succeed at the ballot, SDSU's long-term educational needs in Mission Valley will remain unfulfilled absent any public commitment from Civita to build in accordance with the University's demands.</p>	<p>The SDSU West initiative does not identify sources of financing for a stadium, doesn't require a stadium to be built according to the City Attorney, and doesn't have a reverter clause to protect taxpayers if no stadium is constructed. Simply put, the SDSU West Initiative does not guarantee a stadium.</p> <p>SDSU officials have indicated that they would provide long-term leases to private developers to develop the site with commercial office space, which would require SDSU to buy or lease space for educational facilities from those private developers, consistent with our offer to SDSU. SDSU West representatives speaking at our joint meeting with Taxpayers confirmed the intent to issue very long term ground leases to private developers. In other words, that land is in the hands of private developers for longer than most working adults will be around to see.</p>									

This land is unusable for SDSU's needs, because of steep slope, habitat and traffic constraints.

Civita's traffic study used the latest traffic manuals and procedures available at the time.

The size of the traffic study is unable to be compared, as SoccerCity cheated on the study area, trip generation rates and location.

The SoccerCity traffic study evaluated significantly fewer locations than the Civita traffic study did, so this comparison is not appropriate. Projects that were determined to be infeasible remain infeasible. SoccerCity may pretend it will fund these improvements, yet it does not have to do so until the City moves forward with construction, which could be never.

	<p>Mayor. Moreover, it will be in the lease we expect will be available for taxpayers to review in advance of the vote.</p> <p>Restarting productive discussions will be straightforward. We would insist on interacting directly with actual SDSU executives, as opposed to the affiliated individuals/developers who interfered with our prior agreement with SDSU. SDSU can decide to have a larger stadium on the site by committing \$100mm to a joint facility (saving them \$150mm versus building it on its own), and we strongly suspect they will choose that path when SoccerCity wins in November. Whether they do or not however, the Aztecs will always have a place to play football at SoccerCity.</p>		<p>SoccerCity and the SDSU West private development plan both comparably satisfy SDSU's stated land requirements, because SDSU officials (Athletic Director JD Wicker and VP of Real Estate Bob Schulz) have also publicly said that this land would not be needed for 20 to 80 years. Should SDSU West win, based on those timelines, commercial buildings at the Qualcomm site will need to be rented by office customers for decades before they become SDSU property. Meaning, Qualcomm stadium will not be replaced by a campus but an office park.</p>
<p>4. Please identify where, if anywhere, the initiative actually requires the development of parks and open space, rather than just "setting aside" 46 acres for this purpose.</p>	<p>"Setting aside" the acreage ensures that no development will occur on the River Park acreage. Section 61.2803(c)(7)(C) of the initiative requires that we must fund a park and if we receive permits expeditiously that we build the park. Section 61.2803(c)(7)(D) of the initiative states that if permits are slow (and having looked at this extensively – they shouldn't be), the City can ask us to fund the amount for the park to the City instead. The City has already indicated they will not exercise that option – but it is the City's right to choose and not ours.</p> <p>In a letter agreement with the Mayor, we committed to the following terms to be included in our Lease with the City, which go beyond the requirements of the initiative and are a benefit to taxpayers:</p> <ul style="list-style-type: none"> <li>• 60 acres of parks along the San Diego River and Murphy Canyon Creek</li> <li>• \$40 million to be spent on the River Park as long as the City provides permits within 2.5 years (excluding the non-jurisdictional floodway from that test). \$20 million spent in all cases</li> <li>• An additional \$12.5 million to construct a pedestrian and bike bridge across the river once permits are received</li> <li>• No intrusions in the riparian buffer in the initial permitting process</li> <li>• We will build and maintain the park in all circumstances for the life of the lease (the City has indicated it will not exercise its option to require park funding be deposited and will ask us to build it)</li> <li>• We have documented these commitments in both a letter to the mayor and a letter to the San Diego River Park Foundation</li> </ul>	<p>"Traditional" development in Mission Valley follows a similar process to SoccerCity. The Civita project's Specific Plan identifies acreage for parks and requires a subsequent agreement to ensure that parks are built.</p> <p><b>Section 3.0 Open Space, Parks, Recreation and Community Amenities:</b> "Area devoted to each of the major open space elements is identified in Table 3-1, Open Space, Parks, Recreation and Community Amenities - Land Use Summary."</p> <p><b>Section 9.4 Phasing:</b> "To ensure public parks and affordable housing are constructed commensurate with the development of residential units, agreements for the construction of parks and affordable housing units shall be entered into prior to the approval of the first final map for Quarry Falls."</p>	<p>Whereas SoccerCity includes the River Park acreage in land that we pay the City for, and therefore control the ability to develop the River Park, the SDSU West Initiative does not. In fact, proponents specifically carved out the River Park acreage from the site. The City Attorney confirms that "[t]he Existing Stadium Site to be sold to SDSU, et al., does not include the land for the River Park, which would remain under City ownership."</p> <p>The City Attorney points out the issues with the way SDSU West proponents crafted their initiative, stating "[t]he Initiative does not address who would plan, build, and maintain the River Park, who would obtain any required permits, and how construction and other costs would be funded. There is no remedy in the Initiative if the River Park is not constructed within seven years, or at all."</p> <p>As highlighted above, the SDSU West Initiative contains no binding commitments on what will be developed on the portion of land purchased, including parks. The City Attorney states "... if the Site is sold to SDSU, it would become State property, and the Board of Trustees would determine the use and development of the Site in its sole discretion. There are no remedies included in the Initiative if the parks are not built."</p> <p>In summary, the SDSU West Initiative has no control, no plan, no commitment, and no funding for a River Park, leaving the burden on taxpayers.</p>

The amount of park space and number of affordable housing units was determined during the entitlement process and included in conditions of approval. Once again, SoccerCity tries to compare itself to one of Civita's regulatory documents, absent numerous others. This was included in the plan as well as the Vesting Tentative Map before the project was entitled. A condition of approval delineated these agreements.



	<p>Implementing these commitments in a Lease is consistent with the Quarry Falls (Civita) Specific Plan (an EIR approved project), which requires public park commitments to be detailed in a subsequent agreement.</p>		
<p>5. The initiative states that the 12 acres of active use fields and neighborhood parks will be maintained and operated through a joint agreement with the City and Qualified Lessee. Do you plan to fully fund the ongoing operations and maintenance of these fields/parks?</p>	<p>SoccerCity will privately maintain the parks for the duration of the Lease (99 years) at no cost to Taxpayers, and we commit to this in multiple places in the initiative, including:</p> <ul style="list-style-type: none"> <li><b>Purposes:</b> A key policy for the development of the Property is to assure that no public subsidy or expenditure is required for development. These requirements for potential Leases of the Property have been established by this Division so that the City will not provide subsidies, or be required to make new expenditures, under the standards of any Lease which the City may subsequently approve under this Division.</li> <li><b>Section 61.2803(c)(9):</b> To ensure that no City funds are required to be expended for maintenance of the Property, any Lease shall require the Qualified Lessee to maintain, or cause others to maintain, the Property</li> <li><b>Section 61.2803(p)(3):</b> Nothing in any Lease shall require an expenditure of funds by the City beyond any expenditures already required by other existing City contracts, leases, or agreements, and should any such expenditure otherwise be necessary, any Lease shall provide that the Qualified Lessee shall advance to the City such necessary funds to avoid the need for any expenditure.</li> </ul> <p>SoccerCity considers its contributions to Taxpayers through its park commitments to be a significant benefit to San Diego. Maintenance has been estimated to be approximately \$2mm per year, which will be funded privately by SoccerCity for 99 years. We have provided these commitments recognizing the importance of the park to the community residents in Mission Valley, who currently suffer from a significant shortage of parks. That shortage is the result of the failure of other specific plans in the area to fully meet their park requirements onsite, most specifically those built by HG Fenton and Sudberry Properties.</p>	<p>The “traditional” development process in Mission Valley has repeatedly resulted in a significant under-construction of required park space within the confines of the Specific Plans approved in the area. Civita, as the most recently approved Specific Plan in Mission Valley, provides a prime example of the insufficient outcome of the “traditional” development process for onsite park construction. Despite having over 225 acres of land available at the property, the developer, Sudberry Properties, opted to lay off 25% of the required park land from the development to the payment of Development Impact Fees. To be fully compliant on the site, Civita only needed another 6 acres of park out of the 225 acre space. Similarly in the Mission City Specific Plan – an HG Fenton led effort, the EIR projected significant impacts to the local park demands. The park requirements on the site were for 18 acres of a 225 acre development, yet again the remedy was for the payment of Park Fees to the City of San Diego and not construction of the required on-site parks.</p> <p><b>Quarry Falls (Civita) EIR (page 2-23):</b>      “Based on the City’s Progress Guide and General Plan guidelines of a minimum 2.8 useable acres of parkland per 1,000 residents, there is a requirement for approximately 16.64 useable acres of Neighborhood Parks and approximately 6.65 useable acres of Community Park, for a total of 23.29 useable acres of population-based parks for Quarry Falls.... As shown by Table 2-4, Quarry Falls Parks and Recreation Land Use Summary, a total of 17.5 acres of public population-based park area would be provided by the project through a combination of privately owned parks with public easements and public parks. The remaining requirement for population-based community park area would be satisfied by payment of the DIF.”</p> <p><b>Mission City EIR (page IV.1-8):</b>      “the proposed project would require up to 17.75 usable park acreage [sic].”</p> <p><b>Mission City EIR (page IV.1-11):</b></p>	<p>The SDSU West initiative specifically leaves the River Park as a City asset by acquiring only the Existing Stadium Site. The City Attorney has been explicitly clear about whether the SDSU West Initiative requires the Purchaser to build the River Park: “No.” Moreover, she continues “The Initiative does not address who would plan, build, and maintain the River Park, who would obtain any required permits, and how construction and other costs would be funded. There is no remedy in the Initiative if the River Park is not constructed within seven years, or at all.”</p> <p>In fact, the Initiative specifically makes it possible for the City to be required to fund the cost of improving the River Park area. By designating that only the City General Fund shall be protected from paying for the River Park improvements, the SDSU West initiative allows the Capital Improvement Fund to be required to finance the construction. As Taxpayers can see from the following link (<a href="https://www.sandiego.gov/sites/default/files/iba-citizens-guide-to-infrastructure.pdf">https://www.sandiego.gov/sites/default/files/iba-citizens-guide-to-infrastructure.pdf</a>), the Capital Improvements Fund is the primary source of park construction funding in San Diego and that fund does not look to the City General Fund as a “primary source of funding” for capital improvement projects. So while sounding good, the admonition in the SDSU West Initiative that “River Park improvements be made at no cost to the City General Fund” actually leaves the City fully liable for funding the cost of the Park construction as the money would come from a different account.</p> <p>To compound the matter, the ongoing maintenance of the River Park can also be funded by the City of San Diego. The admonition above limits only the improvements, not the maintenance. As can be seen in the following link<sup>1</sup>, the City General Fund does in fact fund the maintenance of the parks in the City, at a cost of almost \$110mm per year. <b>It is therefore possible for the SDSU West initiative to require the City to fund both the construction and the maintenance of the park.</b></p>

<sup>1</sup> <https://www.sandiego.gov/sites/default/files/fy2018parkandrecreationdepartmentbudget.pdf>

The City has identified the Mission Valley stadium site as the location for Mission Valley’s community park. The City requested that Sudberry Properties build a neighborhood park within Civita and pay fees towards the community park to be built at the stadium site. The size of the park within Civita was determined by the City.

Right or wrong, at the time Mission City was approved, Mission Valley did not have a park requirement. Condos had pocket parks and recreation facilities.

Civita has 10-20 acres of open space, including trails. This acreage is not classified as park space. SoccerCity counts every sidewalk and green space as park space.

	<p>We based the language cited in the question on the Quarry Falls (Civita) Specific Plan to be consistent with an EIR approved project.</p>	<p>“The proposed project would have significant impacts on the ability of schools, parks, police and fire protection to meet the needs of the community...Implementation of the following mitigation measure would reduce the potential direct and cumulative impacts on recreation to below a level of significance...the applicant shall pay all appropriate City of San Diego park fees.”</p> <p>In assessing the likely outcome from a “traditional” development, the Taxpayer should not assume that all parks will get built on the site. Moreover, it is clear from the two specific plans highlighted above and in the immediate vicinity of the stadium site, that the Taxpayer should also not assume that the maintenance of the park would be privately funded. After all, both of these “traditional” developments funded park fees to meet a portion of their park requirements, which result in the park maintenance for that unbuilt acreage being a city problem. To summarize, Taxpayers should look at recent precedents and conclude that full construction of simply the development linked required park on the site will not be automatically guaranteed in “traditional” development nor will the ongoing maintenance of that park space likely be funded by the developer.</p>	<p>Proponents of SDSU West will argue that this issue will be resolved in the sales contract. However, it remains significantly unclear as to whether the CSU system can even contract with the City to use state funds to provide a civic benefit that would otherwise be required of the City of San Diego. It is clear however that the CSU system cannot engage in a legally binding contract without first having completed a CEQA review. With the full site redesign proposed in the various SDSU renderings, that review will likely now be required to be complete for the entire site. As was laid out in comment letters to the City’s EIR for Qualcomm Stadium<sup>2</sup>, “CEQA requires an analysis of the ‘whole of an action, which has potential for physical impact on the environment’...[A]n EIR must include an analysis of the environmental effects of future expansion or other action if: (1) it is a reasonably foreseeable consequence of the initial project; and (2) the future expansion or action will be significant in that it will likely change the scope or nature of the initial project or its environmental effects.” Given that the purchase of the land will inevitably result in the full site redesign for the Qualcomm location, CEQA will seemingly be required for the whole site before the sales contract becomes binding. Notwithstanding that potential issue, the SDSU West initiative states that “after such sale, the Existing Stadium site shall be comprehensively planned through and SDSU Master Campus Plan revision process”. In other words, SDSU will not be required to complete the planning before the sale, and as a result the sales contract between the City and SDSU will likely be binding on the City only.</p> <p><b>Taxpayers should therefore consider the significant risk that not only might the City be required to pay for the park, but that all of the promises about the legally binding nature of the sales contract being made by the proponents of SDSU West are subject to a CEQA lawsuit and have a high probability of being found to be invalid until the Master Campus Plan revision is complete. Taxpayers must also consider the substantial risk that the transfer of the land will be binding upon the City only upon signature, and may or may not become binding against SDSU later.</b></p>
<p>6. Please explain the apparent contradiction between park requirements.</p>	<p>There is no contradiction in these statements. The vast majority of the park acreage only requires city permits to construct. Approximately 1/3 of an acre of the site is in a</p>	<p>Specific Plans approved through the “traditional” development process have not included any such requirements to construct parks early in the life cycle. In fact, the Specific Plan for</p>	<p>In contrast to our well-researched plan to ensure we avoid issues in building the River Park, the SDSU West Initiative merely puts the park construction burden onto the backs of</p>

<sup>2</sup> [https://www.sandiego.gov/sites/default/files/legacy/cip/pdf/stadiumeir/carstens\\_comment.pdf](https://www.sandiego.gov/sites/default/files/legacy/cip/pdf/stadiumeir/carstens_comment.pdf) (page 91)

<ul style="list-style-type: none"> <li>• “The Specific Plan and Initiative create no obligations or requirements on the part of developers within the Plan Area to build or construct parks and/or facilities that require regional, State, or Federal permits.”</li> <li>• “The Lease shall require the Qualified Lessee, and the City as owner of the Property, to both diligently pursue any state and federal permits necessary to construct the River Park, subject to any applicable restrictive use agreement with the United States...If such permits are obtained within 18 months of the Execution Date, then the Qualified Lessee or Qualified Lessee’s designee shall construct the River Park as contemplated in the Specific Plan.”</li> </ul>	<p>floodway (see Exhibit 4 below). This area is in the riparian buffer section of our park, so we do not expect to do anything more than remove impermeable asphalt and restore native plants. Our civil engineers do not expect work on this 1/3 of an acre to require regional, state, or federal permits. As a result, SoccerCity is confident that the park construction only requires City permits.</p> <p>However, to protect taxpayers against litigious parties asserting that CEQA applies to unlikely non-city permits, and therefore the entire park project (thus delaying the construction of the public park), we included language to split that section of the park process from the remainder of the park construction. This allows the construction of all but 1/3 of an acre to proceed without delay, delivering a key civic asset to the Mission Valley Community.</p> <p>SoccerCity’s entire goal from the start of this project has been to avoid delay in the construction of the parks. That is why our Specific Plan requires that “The River Park / Community Park and Active Sports Fields shall commence construction not later than the date of the completion of the Sports Stadium.” (Page 1.4).</p>	<p>• Civita simply agreed to work out the timing with the City after the approval process was complete and the public’s input was therefore no longer required.</p> <p>• <b>Quarry Falls (Civita) Specific Plan - 9.4 Phasing:</b> To ensure public parks and affordable housing are constructed commensurate with the development of residential units, agreements for the construction of parks and affordable housing units shall be entered into prior to the approval of the first final map for Quarry Falls.</p> <p>• Taxpayers should therefore consider the recently evidenced risk that “traditional” development processes have historically failed to provide any certainty at the time of approval for the construction timing of the parks. To wit, Civita announced with much fanfare the unveiling of their first park acreage in 2017, almost 9 years after the development was approved. This proxy should serve as a good indicator for Taxpayers as to the likely speed of park construction should the project be processed under the “traditional” development plan.</p>	<p>taxpayers by leaving the land with the City and adding municipal code language that it must be constructed within 7 years. The City is therefore forced to deal with putting together a plan and relying on taxpayers to fund and maintain the park.</p> <p>Worse still, the SDSU site plan appears to contemplate significant regrading of the River Park, with excavated dirt moved north to facilitate underground parking. Unlike the SoccerCity plan, the SDSU site plan directly implicates the state and federal permitting issue that this question raises.</p> <p>While admittedly the site design presented to date for the site is entirely non-binding and can be changed without any obligation to meet City requirements, Taxpayers should seriously consider the risk that SDSU West plan would (1) require the City to fund the park, (2) require the City to fund the maintenance of the park and (3) cause significantly delay to the park construction while the sales contract was negotiated and the various federal and state agencies were engaged for permits.</p>
<p>7. Is anything legally required if federal/state/regional permits are required for development? The above statement would indicate not.</p>	<p>Park funding or construction (preferably construction as detailed above) is legally required for all areas where only city permits are required. If there is an area where non-city permits are required, park funding is required, but that area would not be tied to the remainder of the park construction, and a CEQA trigger would not apply to the entire park construction. We plan to construct the park in these areas, if they arise. Again, this is thoughtfully structured to allow us to provide taxpayers a new park without unnecessary delay.</p>		<p>More broadly than permits, the SDSU West Initiative contains no binding development requirements. The City Attorney states “... if the Site is sold to SDSU, it would become State property, and the Board of Trustees would determine the use and development of the Site in its sole discretion.”</p>
<p>8. How much, if anything, is the Qualified Lessee actually required to provide for the River Park and “to improve City land for public recreation purposes under any Lease and the Specific Plan?”</p> <ul style="list-style-type: none"> <li>• Because the lease will clearly be executed after December 31, 2017, the lessee’s obligation is reduced by</li> </ul>	<p>We have committed to pay full Fair Market Value for the site, including the River Park acreage, to construct park acreage required by the development intensity on site, and <u>in addition to that</u>, to spend at least \$20 million on a River Park as a contribution to the public, benefitting taxpayers. Taxpayers get paid for the park acreage and aren’t required to pay for a major regional park. This is the exact opposite of the SDSU West plan which doesn’t pay the City of the park acreage and requires the City to construct a park (which the private developers promoting the SDSU West plan have said will improve their land value).</p>	<p>• “Traditional” development in Mission Valley did not include park acreage in excess of population based requirements.</p>	<p>The SDSU West Initiative does not provide any funds for the River Park.</p>

The phasing of Civita was included in the conditions of approval that were part of the discretionary actions granting entitlement for the development. To date, Civita has already built or broken ground on 456 units of affordable housing required for the development, significantly ahead of schedule. SoccerCity exempts itself from the affordable housing requirements for the first 10 years.

Civita was developed in close coordination with the City through the traditional entitlement process, with numerous opportunities for community input. Based on collective feedback from local leaders and residents, the park space allocations and contribution of park fees was determined to help support the long-term vision for a permanent river park.

<p>\$20,000,000. This language does not seem to specifically tie the obligation to the River Park, but to recreation purposes as a whole. Please clarify.</p>	<p>Regarding timing, the Initiative contemplated a special election but specifically allows changes we agree to.</p> <ul style="list-style-type: none"> <li>• The initiative specifically contemplated a special election date, and sought to de-incentivize delay from litigation etc.</li> <li>• Importantly, we specifically allow in the initiative for changes to the terms of the lease that the Qualified Lessee agrees to</li> <li>• Our letter to the Mayor constitutes a letter agreement, authorizing him to ensure that all of those terms are in fact incorporated into the lease</li> <li>• We communicated our agreement with the Mayor to construct the park “consistent with the current adopted goals and objectives of the San Diego River Park Foundation” starting no later than 2020 and with a \$40 million commitment for 30 months.</li> </ul>		
<p>9. Please clarify the intended timing for construction of the stadium, as there is contradictory language in the initiative and its exhibits.</p> <ul style="list-style-type: none"> <li>• “The River Park/Community Park and Active Sports Fields shall commence construction not later than the date of the completion of the Sports Stadium”</li> <li>• “This Specific Plan does not require that the development occur in any particular order”</li> <li>• “The Developer shall have the right (without the obligation) to develop the property in such order and at such rate and at such time as the Developer deems appropriate within the exercise of its business judgment”</li> <li>• “Nothing in this Agreement shall be deemed to obligate the Developer to initiate or complete development of the Property as contemplated in the Specific Plan, or any portion thereof, within any</li> </ul>	<p>We intend to start construction on the stadium <u>immediately</u> – we will need an MLS approved venue for our team to play, as SDCCU Stadium does not suffice. Furthermore, as a taxpayer protection, we included a reverter right so that the City can cancel our lease if the stadium is not constructed.</p> <p>“Reverter Right means the right of the City to cancel any Lease under this Division and take further actions to regain occupancy or ownership of the Property if the Qualified Lessee fails to complete the construction of the Joint Use Stadium on the Existing Stadium Site by the date which is seven (7) years from the Execution Date, subject to, and as further defined within, the provisions of this Division.”</p> <p>The last bullet point in your question is curiously misleading as the first part of the sentence was deleted and “Nothing” was capitalized to indicate that it was the start of a sentence. The actual sentence from the Development Agreement within our initiative reads (emphasis added):</p> <p><b><u>“Except as otherwise specified in this Agreement or in any applicable lease of the Property between the Developer and the City, nothing in this Agreement shall be deemed to obligate the Developer to initiate or complete development of the Property as contemplated in the Specific Plan, or any portion thereof, within any time period of time or at all or to develop the Property or any portion thereof to the full size or density allowed in the Specific Plan.</u>”</b></p>	<p>“Traditional” development in Mission Valley provided the basis for our approach to ordering the development. Our language cited in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet points of the question is based on the development flexibility terms in the Quarry Falls (Civita) Specific Plan, to be consistent with an EIR approved project.</p> <p><b>Section 9.4 Phasing:</b> “Table 9-3, Quarry Falls Phasing Summary Table, summarizes each of the phases of development. This Specific Plan does not require that phases occur in any special order. Phasing may occur in any order, and more than one phase may occur at one time”</p>	<p>The economic motivations for new stadium construction are less clear for SDSU, because of the current situation whereby City taxpayers subsidize stadium operations for the university. In 2016, SDSU paid the City \$112,079 in facility fees for the use of the then Qualcomm Stadium, while the City absorbs 100% of the losses operating the stadium (budgeted to be \$8.7 million in FY2017), resulting in an approximately \$8.5 million per year subsidy from City taxpayers to SDSU.</p> <p>SDSU stadium designers have proposed a \$250 million stadium which the Athletic Director has said will be 100% debt funded with a payment of approximately \$15 million per year. Relative to the operating subsidy that SDSU currently incurs, a new stadium would add \$15 million per year in debt cost plus take on the expenses of operating the stadium. While SDSU would receive naming rights revenue at a new stadium, the recent sale of those to SDCCU for \$500,000 per year indicates that revenue stream would not offset the additional \$20+ million of operating and debt costs. It should be challenging for the CSU Trustees, who are fiduciaries, to take on \$20 million per year more in expenses for a stadium, resulting in significant uncertainty around timing (and execution of) construction of a stadium, and putting taxpayers in the unenviable position of funding the current stadium losses for an indeterminate period of time.</p>

<p>time period of time [sic] or at all or to develop the Property or any portion thereof to the full size or density allowed in the specific plan.”</p>	<p>This is basic legal phrasing- that the Development Agreement and Lease govern the process, and they shouldn't be misinterpreted or misconstrued (or, ironically, cherry-picked to mislead).</p>		
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*Responses submitted by an external party and not endorsed by SDCTA*

**Exhibit 1: Quarry Falls Development Table 9-1**

**Table 9-1. Quarry Falls Zones and Development Intensity**

Planning District	Land Use	Net Area	Subdistrict	LDC Zone	Intensity Range (du/ac)	Development Intensity Range	Target Density
Park District	Parks, Open Space, Civic, Community	12.4	Park	OP-2-1	N/A	N/A	N/A <sup>1</sup>
		2.1	Community Recreation Center	RM-1-1		0 sq. ft. - 10,000 sq. ft.	4,000 sq. ft.
		4.6	Civic Center	RM-1-1		0 sq. ft. - 15,000 sq. ft.	0 sq. ft. <sup>1</sup>
Ridgetop District	Residential	4.0	Ridgetop West	RM-1-1	6 - 14.5	24 du - 58 du	41 units
		6.3	Ridgetop East	RM-2-4	6 - 24.9	37 du - 156 du	59 units
Foothills District	Residential	15.4	Foothills North	RM-3-7	10 - 43.5	154 du - 670 du	363 units
		9.4	Foothills Southwest	RM-3-8	20 - 54.5	187 du - 510 du	376 units
		6.3	Foothills Southeast	RM-4-10	20 - 108.9	126 du - 688 du	383 units
Terrace District	Residential	11.2	Terrace North	RM-3-8	20 - 54.5	223 du - 608 du	470 units
		4.7	Terrace West	RM-3-7	10 - 43.5	48 du - 209 du	154 units
		10.5	Terrace South	RM-4-10	20 - 108.9	211 du - 1,147 du	812 units
Creekside District	Residential Urban Village	20.5	Creekside West	RM-3-9	20 - 72.6	410 du - 1,490 du	1,353 units
		5.4	Creekside Central	RM-4-10	40 - 108.9	215 du - 586 du	358 units
		5.0	Creekside East	CC-3-5	0 - 29.0	0 du - 145 du	84 units
Village Walk District	Urban Village	19.5	N/A	CC-3-5	0 - 29.0	50,000 sq. ft. - 130,000 sq. ft.	80,000 sq. ft.
						0 du - 567 du	327 units
Quarry District	Multiple Use	12.9	N/A	IL-3-1	N/A	250,000 sq. ft. - 650,000 sq. ft.	430,000 sq. ft.
						245,000 sq. ft. - 750,000 sq. ft.	390,000 sq. ft.
<b>Maximum Allowable Development Intensity</b>							<b>4,780 units 900,000 sq. ft. Commercial Retail and Office<sup>2</sup></b>

LDC - Land Development Code

du - dwelling units

du/ac - dwelling units per acre

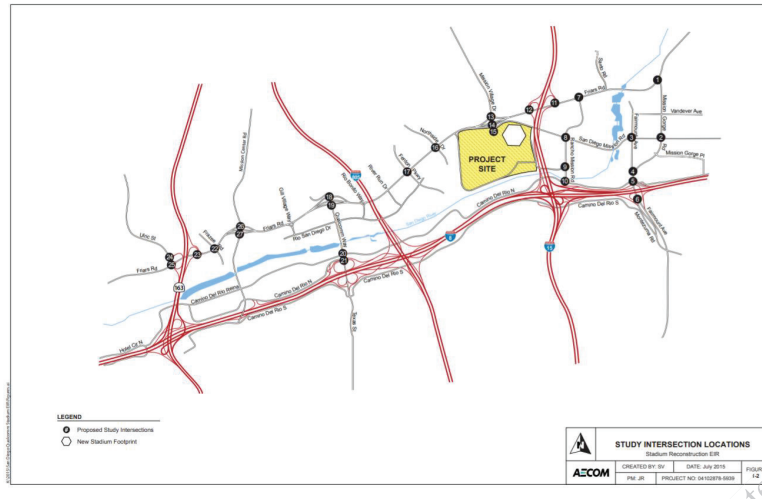
sq. ft. - square feet

<sup>1</sup> Traffic generation for the Park District on a per acre basis has been included in the Traffic Impact Study (TIS) prepared by Katz, Okitsu & Associates (September 2007)

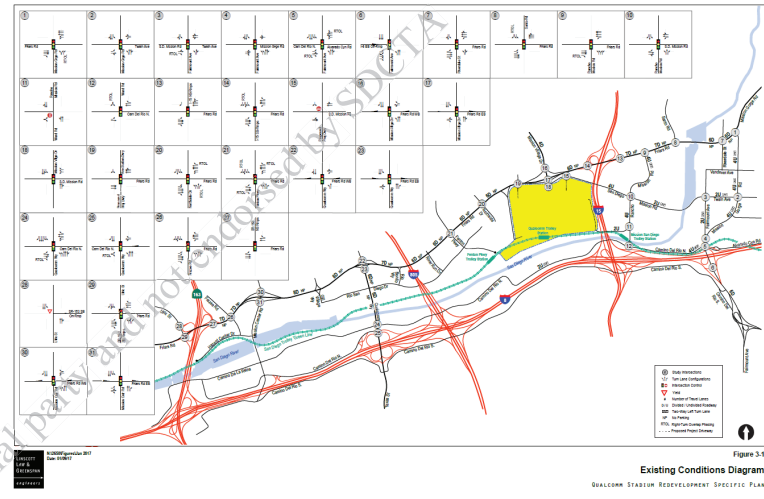
<sup>2</sup> A maximum of 1,680 driveway ADT (equivalent to 280 residential units) may be transferred from residential land use to commercial land use to increase the maximum development intensity in excess of 900,000 square feet, subject to the Density Transfer provisions of this Specific Plan.

Responses submitted by attendees at the meeting are not endorsed by SDCATA

**Exhibit 2: City of San Diego EIR Traffic Report**

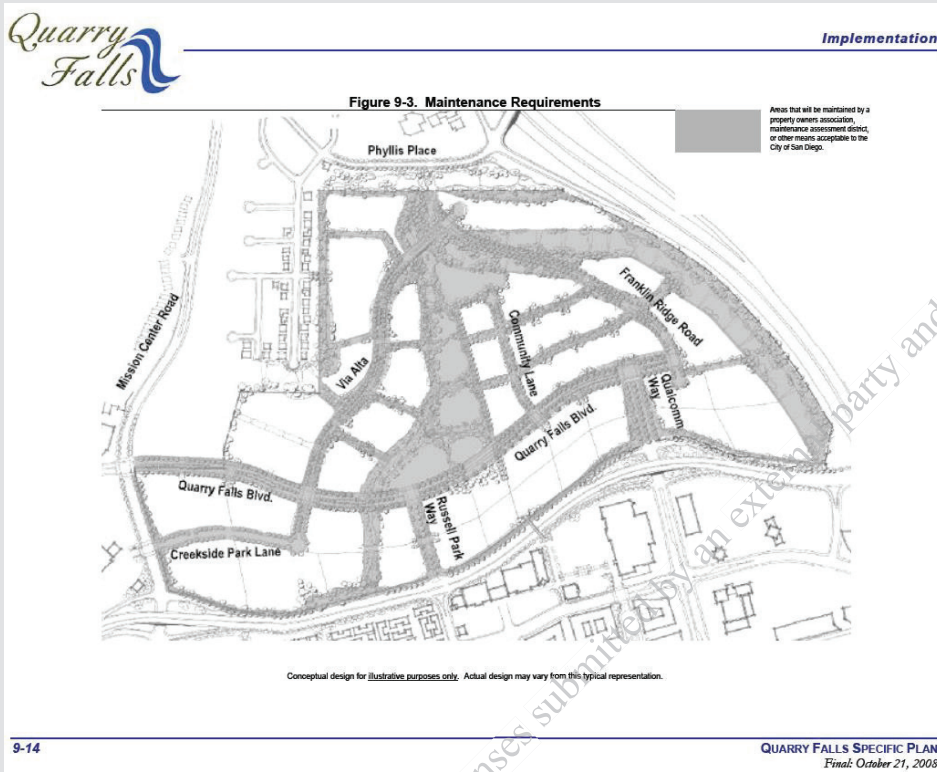


**Exhibit 3: SoccerCity Traffic Report**



Responses submitted by an external party and not endorsed by SDCTA

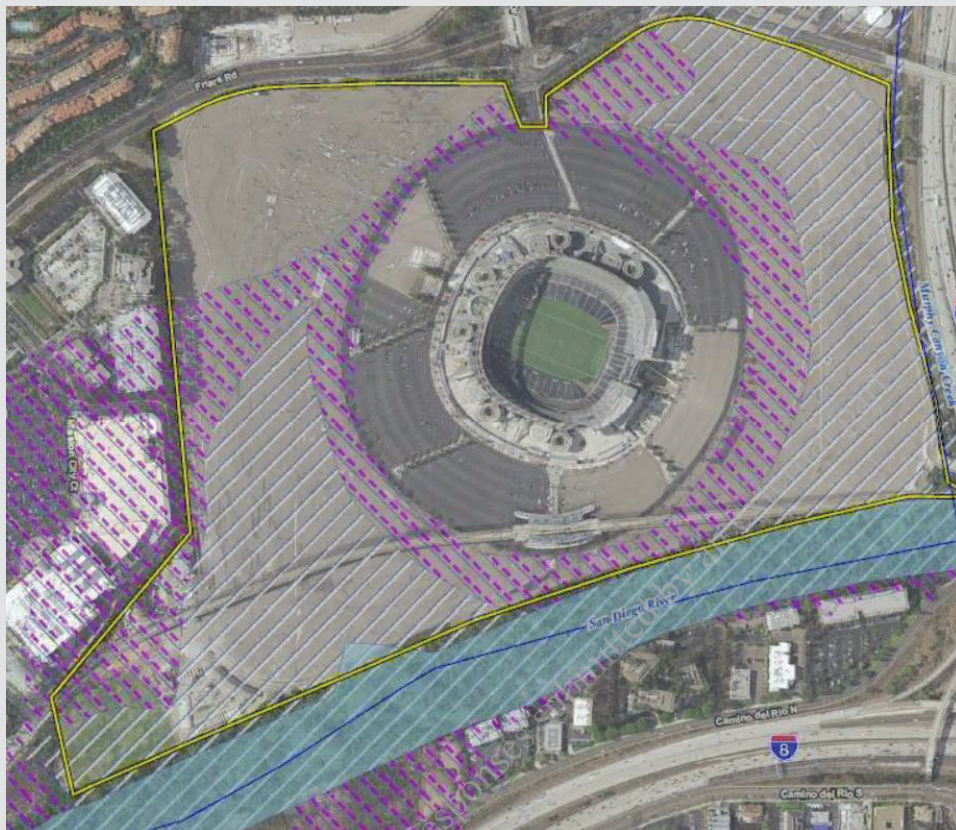
Exhibit 4: Quarry Falls Specific Plan Park



Responses submitted by an external party and not endorsed by SDCTA



Exhibit 5: Floodway Map





*Taxpayers watchdog since 1945*

1855 First Avenue #201, San Diego, CA 92101 • (619) 234-6423 • [info@sdcta.org](mailto:info@sdcta.org) • [www.sdcta.org](http://www.sdcta.org)

April 6, 2018

[Delivered Electronically]

Dear Goal San Diego and Friends of SDSU,

Our Association will be analyzing your proposals for the future of the Mission Valley stadium site, which are set to appear in front of voters this November. Our objective is to enhance taxpayers' understanding of each proposal and their impact on our region.

As part of this process, we request responses to Section 2 of the attached questions about your respective plans by Friday April 13, 2018 at 12:00 p.m. We request responses to Section 3 of the attached questions about your respective plans by Friday, April 20, 2018 at 12:00 p.m. Please note these questions and your responses will be published alongside our official analyses of this issue. If you wish to provide additional insights you feel might be pertinent to our analysis of the obligations in each initiative, please include those questions or comments in your responses. We look forward to hearing from you, and thank you in advance for cooperating with us on this effort.

Sincerely,

A handwritten signature in black ink that reads "Megan Couch". The signature is fluid and cursive.

Megan Couch  
Policy Manager  
San Diego County Taxpayers Association

## Section 2: Fair Market Value

Please cite the appropriate legislative/regulatory/other sources that support your response.

### *SoccerCity*

1. Have you committed to honoring the appraisal valuing the stadium property at \$82.8 million and the Murphy Canyon property at \$27.3 million? If so, when and how? If not, why, and what other process would you propose to determine fair market value? How would this process be different than that of the original appraisal?
2. Why did you leave discretion for fair market value to the Mayor as opposed to the City Council or both parties?
3. Some accounts<sup>1</sup> claim that Goal San Diego has committed to paying the lease over time, as opposed to in one lump sum within 30 days of the lease execution date, as directed in the initiative. Please explain.

### *SDSU West*

1. Have you committed to honoring the appraisal valuing the stadium property at \$82.8 million? If so, when and how? If not, why, and what other process would you propose to determine fair market value? How would this process be different than that of the original appraisal?
2. Why did you leave discretion for fair market value to the City Council as opposed to the Mayor or both parties?
3. Please explain why the cost of revitalizing and restoring the River Park should be deducted from the fair market value of the property even though the River Park would not be part of the land sold to SDSU, according to the initiative.
4. What method of payment and source of funding does SDSU intend to use for the purchase of the property?

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<sup>1</sup> Anderson, Erik. "SoccerCity Officials Will Work With Latest Stadium Property Appraisal." *KPBS*. June 12, 2017. [www.kpbs.org/news/2017/jun/12/appraisal-impacts-san-diego-soccer-city-deal](http://www.kpbs.org/news/2017/jun/12/appraisal-impacts-san-diego-soccer-city-deal).

### Section 3: Stadium Costs

Please cite the appropriate legislative/regulatory/other sources that support your response.

#### *SoccerCity*

1. Do you still intend to have the City pay for operations and maintenance of SDCCU Stadium after its leases have expired, even if you do not demolish the stadium until after the completion of the new stadium, mixed-use development, and River Park (as allowed in the initiative)?
2. What is your estimate of the construction cost of the new Joint Use Stadium? How do you plan to fund this project?
3. When do you plan to begin and complete construction of the new Joint Use Stadium? By when do you expect it would be ready for use? What obstacles could prevent this timeline from being met?
4. By when do you expect to demolish SDCCU Stadium? Why do you believe this is a realistic timeline? What obstacles could prevent this timeline from being met?
5. If you cannot secure an MLS team for San Diego, what are your plans for the construction of a new stadium?

#### *SDSU West*

1. When does SDSU plan to begin and complete construction of the new Joint Use Stadium? By when do you expect it would be ready for use? What obstacles could prevent this timeline from being met?
2. By when does SDSU plan to demolish the existing stadium? Why do they believe this is a realistic timeline? What obstacles could prevent this timeline from being met?
3. How does SDSU plan to fund the demolition of SDCCU Stadium? Will any taxpayer dollars or student fees be used? When will funding plans be released to the public?
4. What is your estimate of the construction cost of the new Joint Use Stadium? How does SDSU plan to fund the project? Will any taxpayer dollars or student fees be used? When will funding plans be released to the public?
5. Is SDSU committing to fully cover the cost of ongoing stadium operations and maintenance at the new Joint Use Stadium?
6. Is SDSU committing to fully indemnify the City against litigation risks for losses associated with the SDCCU Stadium's operations?
7. Have any developers been identified as definitively being a part of the SDSU West public/private partnership? Are all of the SDSU West funders recusing themselves from the development?
8. Please confirm that SDSU will not seek any subsidies from the City of San Diego to play football in Qualcomm after the 2018 season. If that is not the case, please indicate how long the SDSU Football team expects that subsidies will be required.



## Section 2: Fair Market Value Friends of SDSU Responses

1. Have you committed to honoring the appraisal valuing the stadium property at \$82.8 million? If so, when and how? If not, why, and what other process would you propose for determining fair market value? How would this process be different than that of the original appraisal?

The Friends of SDSU have no objection to use of the existing appraisal to determine the purchase price. However, the Friends of SDSU will not be party to the negotiations to establish the sales price, because both City policy and the SDSU West Initiative state that only the City can set the sales price. Thus, the City alone will determine if the existing appraisal is adequate, not the Friends of SDSU or San Diego State University.

2. Why did you leave discretion for fair market value to the City Council as opposed to the mayor or both parties?

The Friends of SDSU believe it is good public policy that price and terms for the sale of a major public asset be determined by the full City Council during public hearings with input from the community, as opposed to behind closed doors by the Mayor acting alone. This provides the City and taxpayers the strongest protections. The SDSU West Initiative simply applies the existing Municipal Code requirements regarding fair market value. Section 22.0907 of the San Diego City Municipal Code states:

- *“Sales of Real Property to Public Agencies: Subject to the provisions of Section 219 of the Charter of the City of San Diego, whenever the **Council** shall find that lands belonging to the City are required for public purposes, the said **Council** may, by resolution, authorize the sale of any of said lands to any political subdivision, or public agency, without advertising for bids and without regard for any of the provisions of Section 22.0902; provided, however, that the sale shall be **at such price and upon such terms as the Council shall deem to be fair and equitable and in the public interest.**”*

The Friends of SDSU also agree with the City Attorney’s summary of the process by which the SDSU West Initiative would be implemented (Page 10 of the March 1, 2018 City Attorney letter), which involves both the Mayor and the Council, and is recapped below:

- The Mayor would negotiate a Purchase and Sales Agreement, including the sales price;
- The City would conduct a city sponsored environmental review of the sale;
- The Council would deem the price and terms are “fair and equitable and in the public interest,” certify the environmental review of the sale, and approve the Purchase and Sales Agreement.



3. Please explain why the cost of revitalizing and restoring the River Park should be deducted from the fair market value of the property even though the River Park would not be part of the land sold to SDSU, according to the initiative.

The SDSU West Initiative does not state the “cost of revitalizing and restoring the River Park **should** be deducted from the fair market value of the property.” The initiative instead empowers the City Council to determine factors that achieve fair market value that is in the best interest of the City and taxpayers. The initiative states:

*“Such sale shall be based on the **Fair Market Value** of the Existing Stadium Site, and the **City may fairly consider various factors**, adjustments, deductions, and equities, including, but not limited to: the costs for demolition, dismantling, and removal of the Existing Stadium; the costs associated with addressing current flooding concerns; the costs of existing contamination; **the costs for revitalizing and restoring the adjacent River Park** and the costs of avoiding, minimizing, and mitigating impacts to biota and riparian habitat.”*

The SDSU West Initiative does not compel the City to include these factors, but rather the City “**may fairly consider various factors**” in determining fair market value. The language is permissive – “the City **MAY** consider.” The SoccerCity initiative contains similar permissive language: “The Mayor **may** use such financial and cost **factors** as the Mayor deems appropriate in the Mayor’s discretion to make the determination of the fair market value...” The factors that may be considered pursuant to the SDSU West Initiative are virtually identical to the factors identified in the SoccerCity Initiative.

Finally, the SDSU West Initiative states that the ultimate burden to compel construction of the River Park lies with San Diego State University. Ownership of the River Park land, however, will still remain under the City. As such, one of the factors that may be considered is “the costs for revitalizing and restoring the adjacent River Park.” Please note this factor does not include the River Park **purchase price**.

4. What method of payment and source of funding does SDSU intend to use for the purchase of the property?

Friends of SDSU sponsored the SDSU West Initiative to establish a process by which the City may sell the existing stadium site to San Diego State University. If approved, the Initiative would be implemented by the City and San Diego State University, not Friends of SDSU. The Taxpayers Association may want to ask San Diego State University about its plans to fund purchase of the property. It should be noted that the University has stated publicly it does not intend to rely on taxpayer dollars or tuition fees to fund expansion in Mission Valley.

**Fair Market Value**

1. Have you committed to honoring the appraisal valuing the stadium property at \$82.8 million and the Murphy Canyon property at \$27.3 million? If so, when and how? If not, why, and what other process would you propose to determine fair market value? How would this process be different than that of the original appraisal?

*Yes, we have committed to honoring the \$82.8 million and \$27.3 million appraisals. In our Commitment Letter to the Mayor on May 18, 2007, one of our Taxpayer Commitments was that “an independent third party appraiser will conduct the appraisal” on a goal timeline of “making the appraisal publicly available prior to the election date.” The Real Estate Assets department commissioned and made public an independent appraisal in June 2017, and we reaffirmed our commitment to the process and outcome at that point<sup>1</sup> and numerous times since, including in presentations to the Taxpayers Association.*

**Key Differences for Taxpayers between SDSU West and SoccerCity**

	Value	SoccerCity	SDSU West
Private development		YES	YES
Pays full property tax	\$31m/yr	YES	NO
Privately funds River Park	\$40m	YES	NO
Privately maintains River Park	\$2m/yr	YES	NO
Funds traffic improvements	\$50m	YES	NO
Accepts \$83m FMV for site	\$83m	YES	NO
Saves state university \$150m	\$150m	YES	NO
Meets SDSU’s publicly stated land needs		YES	YES

**Should the City of San Diego be in the business of subsidizing private development?  
Only one clear choice for taxpayers - SoccerCity**



<sup>1</sup> <http://www.kpbs.org/news/2017/jun/12/appraisal-impacts-san-diego-soccer-city-deal/>  
<http://www.cbs8.com/story/35655499/soccercity-developers-discuss-projects-status-at-news-conference>

2. Why did you leave discretion for fair market value to the Mayor as opposed to the City Council or both parties?

*The City's policy is for the Mayor (per his executive and administrative authority) to implement property sales and leases (Council Policy 700-10), and we had no reason to deviate from that policy in our initiative. The Mayor followed typical city procedure by instructing the City's Real Estate Assets department to conduct an independent fair market value appraisal. Deviating from that standard procedure, such as by providing discretion on setting fair market value to the City Council, would create a CEQA trigger and result in a costly, lengthy delay to redevelopment at the site. Footnote 20 of the City Attorney's SDSU West memo captures this issue as it relates to the SDSU West Initiative:*

*"Because any sale of the Existing Stadium Site is subject to the Council's discretionary approval, appropriate CEQA review is required before the City sells the Site. See, e.g., Cal. Pub. Res. Code§ 21065; Cal. Code Regs. Title 14, §§ 15004, 15357, 15378."*

*We researched this issue ahead of time and drafted our initiative to ensure an expedient process. In contrast, the SDSU West Initiative will burden taxpayers with the costs of a CEQA review by the City, litigation costs associated with that CEQA review, additional years of an \$8.5 million per year subsidy to SDSU from taxpayers during the CEQA review and litigation, and a delayed and uncertain outcome of what the ultimate purchase price will be.*

Responses submitted by an external party and not endorsed by the ADCTIA



3. Some accounts claim that Goal San Diego has committed to paying the lease over time, as opposed to in one lump sum within 30 days of the lease execution date, as directed in the initiative. Please explain.

*In a series of productive meetings with the Mayor's Office, Real Estate Assets Department, and attended by the City Attorney's Office, the Real Estate Assets Department requested that lease payments be structured periodically, rather than one lump sum. In the spirit of partnership, we agreed to implement this structure. Our initiative allows, if both parties agree, modifications to the payment structure, provided that the modifications do not prevent the City from receiving fair market value for the lease.<sup>2</sup> In this case, the City requested to receive fair market value in the form of annual payments rather a single payment. While the annual rate requested, 10% of the appraised value, is likely higher than market, and thus a benefit to the City, we committed to that structure to be good partners, in reflection of the "San Diego First" sentiment that our group shares. This was memorialized in the Commitment Letter to the Mayor in May 2017:*

*"After several weeks of discussions between your team and ours, we are excited to put forward on a set of key items that reflect the spirit with which we have worked to craft a consensus that benefits the citizens and taxpayers of San Diego, the region's sports fans, SDSU, and the residents of Mission Valley."*

*"In the interest of transparency for the public, please find below a set of additional commitments (which voluntarily go above and beyond the terms of the Initiative) that our Investor Group agrees to accept in the binding lease should we be the Qualified Lessee following the passing of the Initiative"*

*We further committed to the following:*

- *The terms of the lease will draw from the Brown Field precedent identified by the City's Real Estate Assets department as the preferred lease structure for a development of this nature and, importantly, one which was previously approved by the City Council. The lease will allow for periodic review.*
- *An independent third party appraiser will conduct the appraisal per the Brown Field process, with the goal of making the appraisal publicly available prior to the election date, and will also reflect the Brown Field development agreement precedent.*
- *The lease will include additional annual payments of 10% of fair market value of the land, creating up to 99 years of lease payments for the City.*
- *As part of the lease, appropriate indemnification protection will be negotiated to help protect the City.*
- *Our lease will require that we secure a Major League Soccer team for San Diego. If we are not awarded an MLS franchise, the lease will terminate, we will not proceed with any development of the site, and the site will remain with the City of San Diego.*

*We remain steadfast in those commitments today.*

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<sup>2</sup> § 61.2803 (c)(26)



### Section 3: Stadium Costs Friends of SDSU Responses

The Friends of SDSU sponsored the SDSU West Initiative to establish a process by which the City may sell the existing stadium site to San Diego State University. If approved, the Initiative would be implemented by the City and San Diego State University, not the Friends of SDSU. As a result, the Friends of SDSU cannot answer most of the questions on behalf of San Diego State University in this section. The San Diego County Taxpayers Association may want address these questions to San Diego State University.

We have endeavored to answer the questions to the extent that they relate to the provisions of the SDSU West Initiative.

- 1. When does SDSU plan to begin and complete construction of the new joint use stadium? When do you expect it would be ready for use? What obstacles could prevent this timeline from being met?**

The SDSU West Initiative states, *“The construction of the Joint Use Stadium shall be completed not later than seven years from the date of execution of the sales agreement”* [See SDSU West Initiative § 22.0908 (j)].

- 2. By when does SDSU plan to demolish the existing stadium? Why do they believe this is a realistic timeline? What obstacles could prevent this timeframe from being met?**

The SDSU West Initiative does not impose a timeframe as to when the SDCCU Stadium must be demolished. Once San Diego State University purchases the stadium property (including the actual stadium), the ongoing stadium maintenance costs are immediately shifted to the University. This relieves the City and Taxpayers of an approximately \$7 million per year. This would be ample motivation for the University to build the new stadium and demolish the old stadium as quickly as possible.

In sharp contrast, the SoccerCity Initiative permits FS Investors to immediately lease the entire stadium site but leaves the financial burden for maintaining the stadium with the City, *“the burden of such costs shall not be shifted from the City”* [SoccerCity Initiative Page 20, Section 61.2803 (e)(3)(B)]. Compounding this problem, the SoccerCity Initiative does not impose a credible deadline for demolishing the existing stadium. The Initiative states, *“the existing stadium will be demolished and removed...(f)allowing development of the Sports Stadium, park areas and additional areas on the periphery of the River Park and Mixed Use Site”* [See SoccerCity Initiative Page 226, Specific Plan Section 8.3, page 8.3]. While the initiative imposes a seven-year horizon for the development of a new stadium, the initiative does not impose a deadline for the construction of the River Park [See SoccerCity Initiative Section 61.2804] or other *“parks areas and additional areas on the periphery of the...Site.”* Because the initiative does not impose a deadline for the demolition of the stadium, the City’s financial burden could be indefinite. The City’s, and ultimately the taxpayers’, costs for ongoing stadium maintenance could be up to \$50 million.



See the referenced portions of the SoccerCity Initiative below:

*“The City shall continue to retain its existing responsibility for costs or damage caused or associated with ongoing operations related to the Existing Stadium prior to the demolition of the Existing Stadium, and the burden of such costs shall not be shifted from the City to the Qualified Lessee under the standards of any Lease” [See SoccerCity Initiative Page 20, Section 61.2803 (e)(3)(B)].*

*“Following development of the Sports Stadium, park areas and additional areas on the periphery of the River Park and Mixed Use Site, the existing stadium will be demolished and removed to create mixed use development areas” [See SoccerCity Initiative Page 226, Specific Plan Section 8.3, page 8.3].*

*“...if the Execution Date of the final Lease provided for in this Division is delayed beyond December 31, 2017 for any reason... (ii) the Qualified Lessee’s obligations to build parks shall not be subject to any time limits, mandatory start dates, or mandatory completion dates, except for any limits or dates required by state law” [See SoccerCity Initiative Section 61.2804].*

**3. How does SDSU plan to fund the demolition of SDCCU stadium? Will any taxpayer dollars or student fees be used? When will funding plans be released to the public?**

The SDSU West Initiative states, *“Such sale, upon completion, shall **ensure that the City does not pay for any stadium rehabilitation costs, stadium demolition or removal costs, stadium cost overruns, Joint Use Stadium operating costs, Joint Use Stadium maintenance, or Joint Use Stadium capital improvement expenses; and that the City be reimbursed for reasonable costs incurred by the City in providing public safety and traffic management-related activities for games or other events at the Existing Stadium Site**” [See SDSU West Initiative § 22.0908 (n)].*

**4. What is your estimate of the construction cost of the new Joint Use Stadium? How does SDSU plan to fund the project? Will any taxpayer dollars or student fees be used? When will funding plans be released to the public?**

The SDSU West Initiative states, *“Such sale, upon completion, shall **ensure that the City does not pay for any stadium rehabilitation costs, stadium demolition or removal costs, stadium cost overruns, Joint Use Stadium operating costs, Joint Use Stadium maintenance, or Joint Use Stadium capital improvement expenses; and that the City be reimbursed for reasonable costs incurred by the City in providing public safety and traffic management-related activities for games or other events at the Existing Stadium Site**” [See SDSU West Initiative § 22.0908 (n)].*

It should be noted that while the SDSU West Initiative does not directly address this topic, San Diego State University has publically stated that it does not intend to rely on taxpayer dollars or student fees to fund expansion in Mission Valley.



5. Is SDSU committing to fully cover the cost of ongoing stadium operations and maintenance at the new Joint Use Stadium?

Yes, the SDSU West Initiative states, “Such sale, upon completion, shall ensure that **the City does not pay for** any stadium rehabilitation costs, stadium demolition or removal costs, stadium cost overruns, Joint Use Stadium operating costs, Joint Use **Stadium maintenance**, or Joint Use Stadium capital improvement expenses; and that **the City be reimbursed for reasonable costs incurred by the City in providing public safety and traffic management-related activities for games or other events at the Existing Stadium Site**” [See SDSU West Initiative § 22.0908 (n)].

6. Is SDSU committing to fully indemnify the City against litigation risks for losses associated with the SDCCU Stadium’s operations?

The SDSU West Initiative purposefully does not include indemnification provisions because the Friends of SDSU preferred that indemnification language be negotiated between the City and San Diego State University as part of the Purchase and Sales Agreement. The SDSU West initiative empowers the City Council to determine indemnification language that provides the strongest protections for the City and taxpayers.

In contrast, the SoccerCity Initiative indemnification provisions do not protect the City from potential liability to the same extent as indemnification language the City normally requires in leases for City property [See City Attorney opinion May 23, 2017, page 5, footnote 16].

7. Have any developers been identified as definitely being a part of the SDSU West public/private partnership? Are all the SDSU West funders recusing themselves from the development?

All members of the Friends of SDSU have pledged to not be a development partner of San Diego State University for the stadium site [See San Diego Union-Tribune, *These Developers Say They Want No Part of SDSU West Construction Work*, February 18, 2018]. Friends of SDSU is an independent group of SDSU alumni, community and business leaders and San Diegans supporting a citizens’ initiative that would enable San Diego State University to grow, prosper and continue to meet the higher education needs of our region. The members of the continually growing Steering Committee represent a broad range of industries from finance to technology to education, but they have one thing in common – unwavering support of San Diego State University and a desire to see the school prosper [See Friends of SDSU Steering Committee list attached].

8. Please confirm that SDSU will not seek any subsidies from the City of San Diego to play football in Qualcomm after the 2018 season. If that is not the case, please indicate how long the SDSU Football team expects that subsidies will be required.

This is not addressed by the SDSU West Initiative. The Taxpayers’ Association may want address this question to San Diego State University.



## Friends of SDSU Steering Committee

Peter Anderson  
Terry Atkinson  
Keith Behner and  
Cathy Stiefel  
Laurie Black  
Steve Black  
Billy Blanton  
Ed Blessing  
Casey Brown  
Ed Brown  
Harold Brown  
Malin Burnham  
Gina Champion-Cain  
Dennis Cruzan  
Frank Cuenca  
Mary Curran  
Tom Darcy  
Adam Day  
Tom Day  
Julie Dillon  
Steve Doyle  
Walt Ekard  
Maria Fischer  
Kim Fletcher  
Greg Fowler  
Frank Goldberg  
Jack Goodall  
Stephen Haase  
Bill Hammett  
Elliot Hirshman  
Rudolph Johnson, III  
Paul Kerr  
Kim Kilkenny  
James Kitchen  
Tom Lang  
Linda Lang  
Fred Luddy  
Ken McCain  
Karen McElliott  
Thom McElroy  
Jack McGrory  
Mark and C'Ann McMillin  
Jeff Marston  
JC Mejia  
Colonel Bob Muth, USMC  
General Mike Neil, USMC  
Leon Parma  
Bob Payne  
Ralph Pesqueira  
Irv Pfister  
Fred Pierce  
Colin Rice  
Paul Robinson  
Elsa Romero  
Patti Roscoe  
Bob Scarano  
Kit Sickels  
Brian Sipe  
Admiral Lou Smith, USN  
Mike Stepner  
Colton Sudberry  
Tom Sudberry  
Ted Tollner  
JR Tolver  
Steve Weber



SAN DIEGO STATE  
UNIVERSITY

As part of a review of the SDSU West initiative, the San Diego County Taxpayers Association asked the Friends of SDSU the following questions which focus on the implementation of the SDSU Mission Valley site plan and stadium. As a result, SDCTA requested answers from San Diego State University.

Because the Friends of SDSU and San Diego State University are separate entities and not directly affiliated, SDSU is providing these answers separate from the Friends of SDSU and directly to the SDCTA. Where answers are not provided below, it is because SDSU is not the appropriate party to respond.

*Section 3: Stadium Costs*

- 1. When does SDSU plan to begin and complete construction of the new joint use stadium? By when do you expect it would be ready for use? What obstacles could prevent this timeline from being met?**

SDSU intends to begin construction of a new multi-use stadium once sale of the property is finalized with the City of San Diego and the CSU Board of Trustees approves and certifies the final EIR. Construction is expected to take approximately 20-24 months from beginning to end. Our goal is to begin construction by 2020 with occupancy occurring by the start of the 2022 season.

All construction is subject to timely negotiation with the City of San Diego on the final sale of the property. Additional impacts may include litigation and typical construction related risks.

- 2. By when does SDSU plan to demolish the existing stadium? Why do they believe this is a realistic timeframe? What obstacles could prevent this timeframe from being met?**

Under SDSU's current plan, SDCCU Stadium would be demolished upon completion of the new multi-use stadium in 2022. This timeline ensures that SDSU football and any other tenants playing in SDCCU Stadium will not experience an interruption in their scheduled seasons. Aside from litigation, we are not aware of any issues that would preclude us from demolishing SDCCU once the new multi-use stadium is built. SDSU is motivated to move quickly because the timely demolition of the stadium is important to allow for the grading of the rest of the site in order to make way for the redevelopment.

**3. How does SDSU plan to fund the demolition of SDCCU stadium? Will any taxpayer dollars or student fees be used? When will funding plans be released to the public?**

No state appropriation dollars or student tuition and fees will be relied upon to pay for demolition of the stadium or any other costs associated with this investment. SDSU intends to finance initial costs such as this with revenue bonds and existing resources to be paid back with ground lease and other revenue generated from the site. Subject to the terms negotiated with the City for the purchase of the Mission Valley stadium property, SDSU is prepared to take over full operations and maintenance (and costs associated therewith) of the current stadium until the new multi-use stadium is operational. Following completion of the new stadium, SDSU would demolish the existing stadium to pave the way for redevelopment of the property.

**4. What is your estimate of the construction cost of the new Joint Use Stadium? How does the SDSU plan to fund the project? Would any taxpayer dollars or student fees be used? When will funding plans be released to the public? Does the cost of \$250 million includes costs for land and site preparation prior to the actual stadium construction?**

SDSU's current cost model envisions a \$250 million multi-use stadium that can host SDSU football, NCAA or professional soccer, and other community events.

SDSU plans to use a combination of donor raised money and revenue bonds to fund the stadium. Revenue bonds would be repaid with revenue generated by the facility including naming rights, sponsorship, premium experiences and revenue (i.e. tickets, concessions, etc.) from all events held in the stadium.

The \$250 million cost includes site preparation in the immediate area of the stadium and actual stadium construction. The cost for the land under which the stadium would be located would be part of the fair market value negotiated with the City for the purchase of the entire property.

**5. Is SDSU committing to fully cover the cost of ongoing stadium operations and maintenance at the new Joint Use Stadium?**

Yes. As the new multi-use stadium will be owned by SDSU, the operations and maintenance will be the sole responsibility of the university and any stadium partners that might be identified in the future.

**6. Is the school committing to fully indemnify the City against litigation risk for losses associated with the SDCCU stadium operations?**

Any indemnification provisions would be negotiated as part of the final sale of the property to SDSU.

- 7. Have any developers been identified as definitely being a part of the SDSU West public/private partnership? Are all the SDSU West funders recusing themselves from the development?**

While it is early in the process, there is significant interest from local and national development firms interested in partnering with SDSU on various components of the project. Final partners would be selected through a process consistent with SDSU's standard business practices.

- 8. Please confirm that SDSU will not seek any subsidies from the City of San Diego to play football at SDCCU stadium after the 2018 season. If that is not the case, please indicate how long SDSU football teams expect that subsidies will be required.**

San Diego State University will continue to pay all direct/game day costs and annual rent to the City of San Diego for the use of SDCCU stadium as we have always done pursuant to our lease agreement with the City of San Diego. Pending the final sale of the property, SDSU is prepared to take on full operational costs of the existing stadium until it is demolished.

-----  
*Section 2: Fair Market Value*

- 1. Have you committed to honoring the appraisal valuing the stadium property at \$82.8 million? If so, when and how? If not, why, and what other process would you propose for determining fair market value? How would this process be different than that of the original appraisal?**

SDSU will pay fair market value for the property. We are familiar of the most recent appraisal valuing the entire site.

- 2. Why did you leave discretion for fair market value to the City Council as opposed to the mayor or both parties?**
- 3. Please explain why the cost of revitalizing and restoring the River Park should be deducted from the fair market value of the property even though the River Park would not be part of the land sold to SDSU, according to the initiative.**



**4. What method of payment and source of funding does SDSU intend to use for the purchase of the property?**

No state appropriation dollars or student tuition or fees will be relied upon to pay for the purchase of the property. SDSU intends to finance this initial investment with revenue bonds and existing resources to be paid back with ground lease and other revenue generated from the site. SDSU considers this an investment in the future of the university.

-----  
*SDCTA Five Questions*

- 1. What exactly does "shall use the content requirements of a Specific Plan" mean in the context of this initiative and the proposed development of the site?**
- 2. What happens if the sale to SDSU or any SDSU auxiliary organization, entity or affiliate does not happen?**
- 3. How do you plan to build the River Park if you do not acquire the land?**
- 4. Why did you specifically designate that the park would come at no cost to the general fund? Do you intend to use other city funds for this purpose?**

SDSU intends to build and maintain a River Park that is both a community and regional asset. As envisioned, this park will become a landmark destination. SDSU would consider availing itself of appropriate resources to maximize the regional value of the park. SDSU has worked proactively and cooperatively with the Mission Valley and other nearby planning groups and the parks in the SDSU Mission Valley site plan meet their current requirements.

**5. Do you believe the stadium construction will require a full CEQA approval before it can begin?**

Yes, SDSU is committed to doing a full CEQA analysis whether it is required or not.

## Stadium Questions

### SoccerCity Stadium Timeline:

As can be seen in the diagram below, the footprint of the existing SDCCU Stadium (blue ring) does not overlap with the SoccerCity stadium, allowing for continued use of the existing stadium during construction of the SoccerCity stadium. Our stadium construction timeline is aligned with opening for the start of the 2021 MLS season:

- 1) Nov 2018 – Mar 2019: Finalize plans and process permits
- 2) Mar 2019 – Mar 2021: New stadium construction
- 3) Mar 2021 – Jan 2022: Demolition of existing stadium

### Stadium Location:

The closest point of SDCCU Stadium is 250 feet away from the SoccerCity stadium (See Exhibit A), in contrast, the SDSU proposed stadium is only 100 feet away from SDCCU Stadium (See Exhibit B). This means that the existing stadium can still be used during construction of the SoccerCity stadium, allowing for SDSU football and other events at the stadium to continue unimpeded under the SoccerCity plan. Under the SDSU West plan, given the proximity, that is a big question mark.



1. Do you still intend to have the City pay for operations and maintenance of SDCCU Stadium after its leases have expired, even if you do not demolish the stadium until after the completion of the new stadium, mixed-use development, and River Park (as allowed in the initiative)?

*No, we do not intend for the City to pay for operations and maintenance of SDCCU stadium after its leases expire. Once the City no longer is in contract with anyone to operate the stadium, it should not pay for operations and maintenance. We would expect our lease to reflect this, and it is consistent with what is in the initiative. The initiative does not actually allow for a lengthy delay in demolition while the full site build-out occurs, nor does it allow for the City to make expenditures on operations and maintenance during that time. In fact, the initiative requires the orderly demolition of SDCCU stadium following the expiration of leases. Section 61.2803(e)(7) of the initiative (emphasis added) directs that:*

*“Any Lease shall contain the following **requirements regarding demolition of the Existing Stadium to protect the City from any subsidy or expenditure**, and to provide reasonable economic standards to allow the Qualified Lessee to carry out this obligation. **The Qualified Lessee shall conduct and pay for the orderly demolition of the Existing Stadium from the Property after the expiration of the existing leases for the Existing Stadium** and the Qualified Lessee’s receipt of all permits and approvals required to demolish the Existing Stadium”*

*Simply put, the initiative directs the City to not take on SDCCU Stadium expenditures following the expiration of existing leases. To accomplish this, the initiative directs that the Lease require the Qualified Lessee conduct an orderly demolition of the Existing Stadium, which would involve diligent pursuit of permits and then execution of a timely demolition.*

2. What is your estimate of the construction cost of the new Joint Use Stadium? How do you plan to fund this project?

*Based on a review of our architectural drawings and costs for recently constructed MLS stadiums with Turner Construction, we estimate that construction of SoccerCity’s 33,500 capacity joint-use stadium would cost \$200 million for the vertical component, and \$50 million for the land and site prep for a total projected cost of \$250 million.*

*SoccerCity will fund the project with private funds from the ownership group and is not seeking any taxpayer funding or subsidy. We are open to discussions about joint-venture or operational partnerships with SDSU, but this is not a requirement for construction, and we would insist on interacting directly with actual SDSU executives, as opposed to the affiliated individuals/developers who interfered with our prior agreement with SDSU.*

3. When do you plan to begin and complete construction of the new Joint Use Stadium? By when do you expect it would be ready for use? What obstacles could prevent this timeline from being met?

*We plan to start construction as quickly as possible following an election victory and securing an MLS expansion team. We would expect to complete construction by March 2021, in time for the start of the*

2021 MLS season. This timeline is consistent with previous MLS stadium construction timelines, detailed below:

MLS Team	Stadium	Groundbreaking	Opening	Construction (Months)
DC United	Audi Field	Feb-17	Jun-18	16
LAFC	Banc of California Stadium	Aug-16	Apr-18	20
Orlando FC	Orlando City Stadium	Oct-14	Feb-17	28
San Jose Earthquakes	Avaya Stadium	Oct-12	Mar-15	29
Houston Dynamo	BBVA Compass Stadium	Feb-11	May-12	15
Sporting KC	Children's Mercy Park	Jan-10	Jun-11	17
<b>Average</b>				<b>21</b>

Construction is not without risks, which is why we have put together an experienced team and detailed plan to de-risk our project as much as possible. On top of construction risks, litigation from project opponents, such as Sudberry Properties and HG Fenton, who have spent \$2 million opposing us to date, is a risk to the timeline, but there are limited paths for litigation as a result of the protections afforded by a citizen's initiative, under the recent Supreme Court decision.

In contrast to the SDSU West Initiative, which has no taxpayer protections if a stadium isn't constructed, our initiative contains a **reverter** right which allows the City to cancel the lease and take back the property if a stadium isn't constructed within 7 years.

4. By when do you expect to demolish SDCCU Stadium? Why do you believe this is a realistic timeline? What obstacles could prevent this timeline from being met?

We expect to demolish the stadium immediately following completed construction of our new stadium, fulfilling the requirements of the lease while not interrupting the ongoing SDSU football schedule or other events booked at the current stadium. We expect this to occur in 2021, as detailed in our response to question 3.

5. If you cannot secure an MLS team for San Diego, what are your plans for the construction of a new stadium?

None. In the unlikely scenario that we win the vote but cannot secure an MLS team, we will not execute a lease with the City and there will be no SoccerCity project. We feel that this is unlikely based on comments by MLS Deputy Commissioner Mark Abbott, who said "We think very highly of the market, we think very highly of the stadium location, and we think very highly of the ownership group." If, however, we do not sign a lease, Section 61.8204(e) of the initiative allows the Mayor to offer a lease to SDSU under the same lease terms as we would have received.

Exhibit A: Distance from SDCCU Stadium to SoccerCity Proposed Stadium

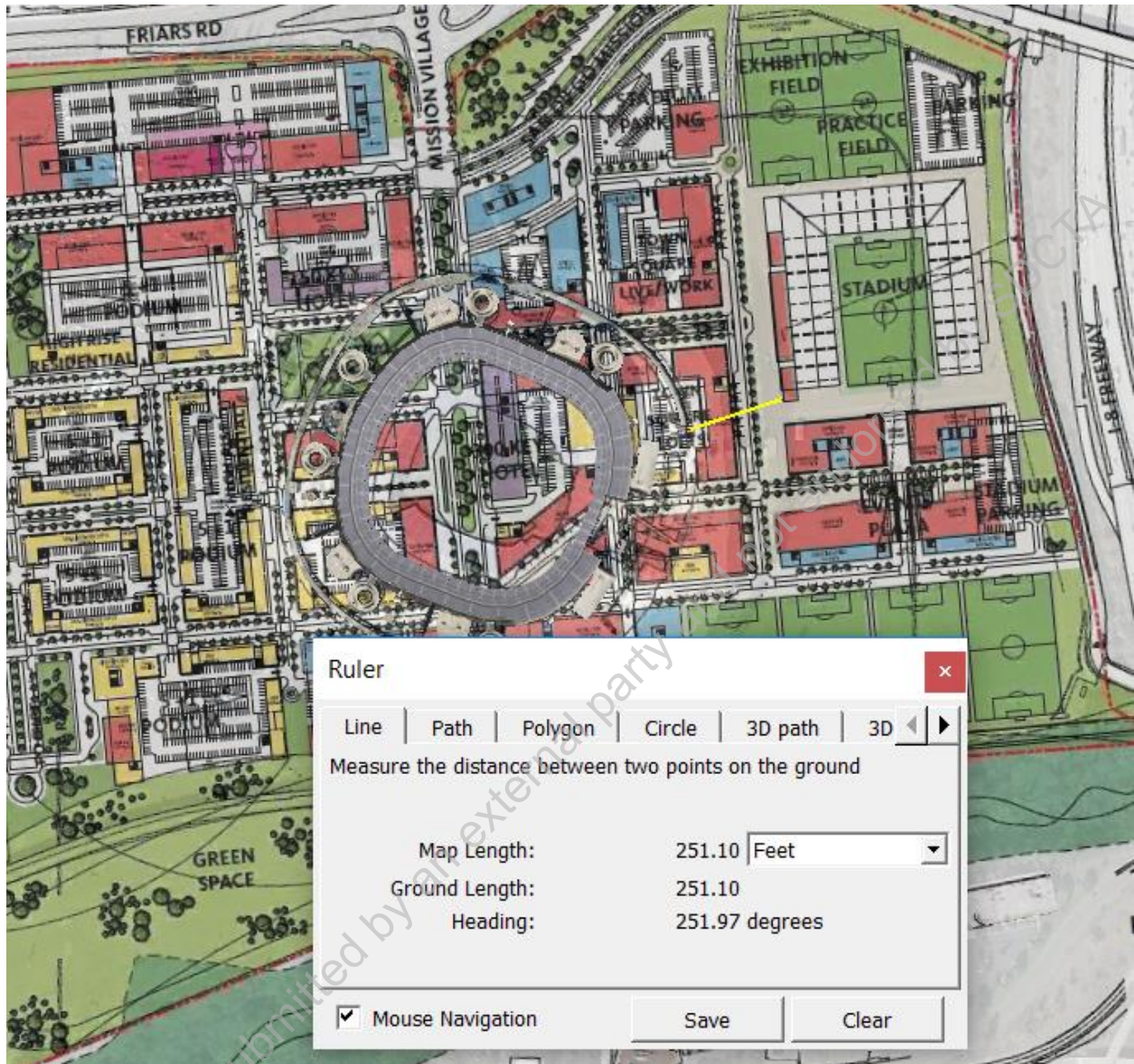
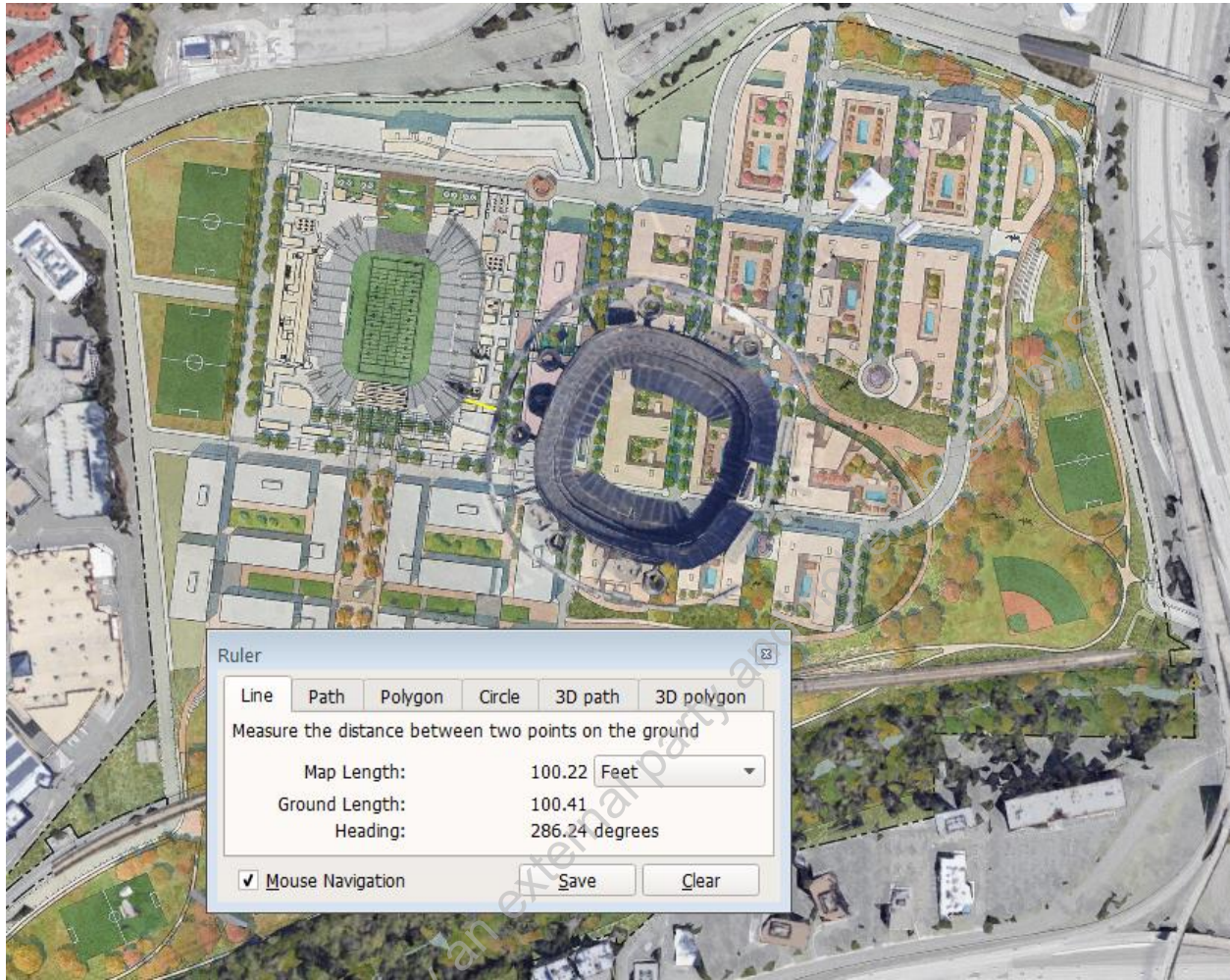


Exhibit B: Distance from SDCCU to SDSU Proposed Stadium



Responses submitted by an external party



*Taxpayers watchdog since 1945*

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May 2, 2018

[Delivered Electronically]

Dear Goal San Diego and Friends of SDSU,

Our Association will be analyzing your proposals for the future of the Mission Valley stadium site, which are set to appear in front of voters this November. Our objective is to enhance taxpayers' understanding of each proposal and their impact on our region.

As part of this process, we request responses to Section 4 of the attached questions about your respective plans by Wednesday, May 9, 2018 at 5:00 p.m. Please note these questions and your responses will be published alongside our official analyses of this issue. If you wish to provide additional insights you feel might be pertinent to our analysis of the obligations in each initiative, please include those questions or comments in your responses. We look forward to hearing from you, and thank you in advance for cooperating with us on this effort.

Sincerely,

A handwritten signature in black ink that reads 'Megan Couch'.

Megan Couch  
Policy Manager  
San Diego County Taxpayers Association

#### **Section 4: Planning Process**

Please cite the appropriate legislative/regulatory source in your response.

##### *SoccerCity*

1. Please elaborate on your intended commitment to environmental mitigation on the site. Is there a specified limit to the amounts of funds you would contribute for environmental mitigation, and if so, what is it? If unexpected mitigation needs arise during development, who is specified as responsible for paying for those mitigation needs? If no one is specified, who would be responsible?
2. What are the bases for differences between estimated ADT's in your traffic analysis vis-a-vis SANDAG's analysis?
3. Friends of SDSU claims that the conditions imposed by the Specific Plan would make it almost impossible to accommodate the University's growth plans. These conditions include steep slopes, park location requirements, and sensitive habitats and wetlands that would require special permits. What specifies the acreage on which SDSU must expand should an agreement be reached between Goal SD and the University? If nothing specifies this, can SDSU execute its expansion on any land that would best suit its needs?
4. Several times, you have referenced the letter you wrote to the Mayor in May 2017. In that letter, you make several commitments to accommodate SDSU's desire for a larger joint use stadium and room for University expansion. However, that letter indicates that you will commit to these provisions "if SDSU enters into a binding stadium joint venture by December 1, 2017," which to our knowledge, they have not. What commitment you have made since 2017 to negotiate with SDSU for these purposes?
5. Are there specifications by when all development should be completed? If so, please explain; if not, please explain when you expect all development to be complete.
6. Please explain briefly how revenue bonds used to pay for development would be structured.

##### *SDSU West*

1. In Section 3 of the initiative, language would be added to the Municipal Code stating the following:  
"The environmental commitment set forth in subdivision (f) shall include the requirements arising under CEQA for SDSU to: (i) take steps to reach agreements with the City of San Diego and other public agencies regarding the payment of fair-share mitigation costs for any identified off-site significant impacts related to campus growth and development associated with the Existing Stadium Site; and (ii) include at least two publicly noticed environmental impact report (EIR) scoping meetings, preparation of an EIR with all feasible alternatives and mitigation measures, allowance for a 60-day public comment period on the Draft EIR, preparation of written responses to public comments to be included in the Final EIR, and a noticed public hearing."



Please elaborate on the language “take steps to reach agreements.” Is SDSU committing to pay for all traffic improvements and off-site impacts related to campus growth and development associated with the Existing Stadium Site?

2. What specific guarantees protect city taxpayers from having to fund City improvements if required in development projects on the site, as opposed to the University funding these improvements?
3. What is your estimated cost of construction for the River Park? By when specifically do you expect improvements to be complete, and what could prevent this timeline from being met?
4. What specifies how long the CSU Board of Trustees have to approve the Campus Master Plan revision? What process occurs if they do not? If nothing specifies this, how quickly do you expect the Board of Trustees to approve the Campus Master Plan revision and why? What concerns do you have on potential litigation that may delay this process?
5. What changes to the proposed SDSU Mission Valley site plan are allowed and disallowed through the Campus Master Plan revision process?
6. What specifies that no student fees and tuition can fund ongoing costs for SDCCU and new stadium maintenance & operations until demolition? If there is no specific restriction, how do you intend to fund these ongoing costs?
7. Please explain briefly how revenue bonds used to pay for development would be structured.
8. How many estimated new daily vehicular trips will be created by SDSU’s proposed development, and how were these estimated?
9. Are there specifications by when all development should be completed? If so, please explain; if not, please explain when you expect all development to be complete.
10. When do you anticipate enrollment to increase such that the University would begin taking over control of commercially leased development on the site?
11. Can you please explain the history to how JMI was awarded the right to perform ground development work?



Section 4: Planning Process – Responses  
Prepared by Friends of SDSU  
May 7, 2018

**1. Please elaborate on the language “take steps to reach agreements.” Is SDSU committing to pay for all traffic improvements and off-site impacts related to campus growth and development associated with the Existing Stadium Site?**

The Friends of SDSU cannot make any commitments on behalf of the University. We can comment on the purpose and intent of the SDSU West Initiative and bring to your attention the requirements of state law. The clear intention of the initiative is to require the University to prepare an EIR. The EIR will provide an open and transparent mechanism to evaluate and allocate fair share responsibility for offsite impacts. Soccer City purposefully avoids environmental review and thus offers no mechanism to evaluate or impose mitigation.

Three potential processes come to mind:

First, as discussed in prior communication, the SDSU West Initiative requires negotiation of a Purchase and Sales Agreement between SDSU and the City. The City could require specific improvements as a condition of the sale of the property.

Second, as a component of the Purchase and Sales Agreement, the parties could agree upon environmental threshold for traffic and all other potential offsite impacts, from which the allocation of fair share mitigation cost would emerge, including SDSU’s offsite traffic mitigation.

Third, and most fair and efficient, would be the use of a single environmental document. The City must comply with CEQA as a prerequisite to executing the Purchase and Sales Agreement. SDSU must comply with CEQA as a prerequisite to adoption of a Revised Campus Master Plan. In light of these requirements, the City and SDSU could agree, as part of the negotiations, to prepare a single EIR with one agency designated as the “lead agency” (likely SDSU) and the other agency as a “responsible agency” (the City). Both agencies would then be critical players in the development of the thresholds, analysis, conclusions, mitigation measures and findings. Both agencies could rely on the same environmental

process. This would be efficient and would also protect the interests of both parties.

While the environmental review would include a multitude of issues, we think most parties would agree that offsite traffic impacts is the most challenging. Fortunately, we have a recent example of City/SDSU/Caltrans/SANDAG cooperation. As part of the 2018 SDSU Campus Master Plan Revised EIR these agencies successfully worked together to identify offsite traffic impact caused by that project and allocate SDSU's fair share responsibility. (See <http://bfa.sdsu.edu/campus/facilities/planning/docs/daa-sections-final.pdf>) Between October 2017 and February 2018, as part of the 2018 SDSU Campus Master Plan Revised EIR, these agencies successfully worked together to identify offsite traffic impacts caused by that project and allocate SDSU's fair share responsibility.

For another example of a methodology by which fair share traffic impacts can be allocated to stadium site redevelopment, please review the SoccerCity Traffic Report (SoccerCity Initiative, starting on page 631). The problem with that analysis is twofold. First it was prepared behind closed doors, with no involvement from the City, Caltrans, SANDAG or the public. Second, SANDAG concluded the SoccerCity analysis undercounted traffic by 26,000 ADT.

NOTE: Much has been said about the difficulty and time involved to prepare an EIR. This is greatly overblown, especially in light of:

- (1) The City prepared and certified a full EIR for a significant stadium expansion in late 2015. (Stadium Reconstruction Project, Project No. 437916, SCH No. 2015061061)
- (2) Environmental review is now underway for the Mission Valley Community Plan update.

The combined effect of both of these efforts will greatly expedite SDSU's EIR.

**2. What specific guarantees protect city taxpayers from having to fund City improvements if required in development projects on the site, as opposed to the University funding these improvements?**

The SDSU West Initiative contains the following provisions (SDSU West Initiative, Section 3) to protect the taxpayer:

- (l) Such sale and ultimate development shall require development within the Existing Stadium Site to **comply with the City's development impact fee requirements, parkland dedication requirements, and housing impact fees/affordable housing requirements.**

(n) Such sale, upon completion, shall ensure that the City does not pay for any stadium rehabilitation costs, stadium demolition or removal costs, stadium cost overruns, Joint Use Stadium operating costs, Joint Use Stadium maintenance, or Joint Use Stadium capital improvement expenses; and that the City be reimbursed for reasonable costs incurred by the City in providing public safety and traffic management-related activities for games or other events at the Existing Stadium Site.

(i) Such sale shall cause the approximate 34-acre San Diego River Park south of the Existing Stadium Site to be revitalized and restored as envisioned by past community planning efforts so as to integrate the Mission Valley's urban setting with the natural environment; the River Park will incorporate active and passive park uses, 8- to 10-foot wide linear walking and biking trails; a river buffer of native vegetation, and measures to mitigate drainage impacts and ensure compliance with water quality standards. River Park improvements shall be made at no cost to the City General Fund and completed no later than seven years from the date of execution of the sales agreement. The City shall designate or set aside for park purposes the River Park pursuant to City Charter Section 55. In addition, the Existing Stadium Site shall reserve and improve an additional minimum of 22 acres as publicly-accessible active recreation space.

(q) Such sale shall not raise or impose any new or additional taxes on City residents.

(s) Such sale shall require SDSU and the City to negotiate fair-share contributions for feasible mitigation and applicable taxes for development within the Existing Stadium Site.

Additionally, if the City is not satisfied with the terms of the Purchase and Sales Agreement, the Initiative does not require the City to sell the property. Thus, unlike the SoccerCity Initiative, SDSU West preserves all the City's powers to protect the taxpayer.

**3. What is your estimated cost of construction for the River Park? By when specifically do you expect improvements to be complete, and what could prevent this timeline from being met?**

Friends of SDSU has not prepared a River Park cost analysis. SDSU West requires SDSU to build the River Park and retains the City's authority to dictate the level of improvements. In contrast, the SoccerCity Initiative limits its contribution to \$20 million (SoccerCity Initiative Section 61.2804). SDSU West requires the River

Park be complete in seven years. Again in contrast, the SoccerCity Initiative imposes no time limit (SoccerCity Initiative Section 61.2804).

**4. What specifies how long the CSU Board of Trustees have to approve the Campus Master Plan revision? What process occurs if they do not? If nothing specifies this, how quickly do you expect the Board of Trustees to approve the Campus Master Plan revision and why? What concerns do you have on potential litigation that may delay this process?**

The Friends of SDSU cannot make any commitments on behalf of the University, but we recommend you reach out to them directly for their information.

**5. What changes to the proposed SDSU Mission Valley site plan are allowed and disallowed through the Campus Master Plan revision process?**

The Friends of SDSU believe the SDSU Mission Valley site plan will evolve and change as it goes through the public review and environmental review processes. This is positive since planning of public land should be done through an open and transparent public process, and final plans should reflect public input and environmental analysis.

**6. What specifies that no student fees and tuition can fund ongoing costs for SDCCU and new stadium maintenance & operations until demolition? If there is no specific restriction, how do you intend to fund these ongoing costs?**

The Friends of SDSU cannot make any commitments on behalf of the University, but we recommend you reach out to them directly for their information.

**7. Please explain briefly how revenue bonds used to pay for development would be structured.**

The Friends of SDSU cannot make any commitments on behalf of the University, but we recommend you reach out to them directly for their information.

**8. How many estimated new daily vehicular trips will be created by SDSU's proposed development, and how were these estimated?**

While the project will go through a full CEQA review, including a traffic analysis, , SDSU has preliminarily stated the SDSU Mission Valley site plan would generate about 55,000 ADT.

**9. Are there specifications by when all development should be completed? If so, please explain; if not, please explain when you expect all development to be complete.**

The SDSU West Initiative requires the River Park and the 35,000-football seat stadium be completed within seven years. In contrast the Soccer City Initiative has no completion date for the River Park or demolition of the existing stadium. While SoccerCity does impose a seven-year completion time frame for a new stadium, the initiative does not impose a minimum size or professional sports purpose.

**10. When do you anticipate enrollment to increase such that the University would begin taking over control of commercially leased development on the site?**

The Friends of SDSU cannot make any commitments on behalf of the University, but we recommend you reach out to them directly for their information.

**11. Can you please explain the history to how JMI was awarded the right to perform ground development work?**

This question is confusing. To the best of our knowledge, JMI has not been “awarded the right to perform ground development work.” We understand that some opponents to the SDSU West Initiative have wrongly claimed that this has or will occur, but such claims are fabricated. We are disappointed that the Taxpayers seem to have fallen prey to this false narrative.

Responses submitted by an external party and not endorsed by SDCITA

As part of a review of the SDSU West initiative, the San Diego County Taxpayers Association asked the Friends of SDSU the following questions, which focus on the planning process related to the SDSU Mission Valley site plan and stadium. As a result, SDCTA requested answers from San Diego State University.

Because the Friends of SDSU and San Diego State University are separate entities and not directly affiliated, SDSU is providing these answers separate from the Friends of SDSU and directly to the SDCTA.

#### **Section 4: Planning Process**

1. In Section 3 of the initiative, language would be added to the Municipal Code stating the following:

“The environmental commitment set forth in subdivision (f) shall include the requirements arising under CEQA for SDSU to: (i) take steps to reach agreements with the City of San Diego and other public agencies regarding the payment of fair-share mitigation costs for any identified off-site significant impacts related to campus growth and development associated with the Existing Stadium Site; and (ii) include at least two publicly noticed environmental impact report (EIR) scoping meetings, preparation of an EIR with all feasible alternatives and mitigation measures, allowance for a 60-day public comment period on the Draft EIR, preparation of written responses to public comments to be included in the Final EIR, and a noticed public hearing.

Please elaborate on the language “take steps to reach agreements.” Is SDSU committing to pay for all traffic improvements and off-site impacts related to campus growth and development associated with the Existing Stadium Site?

**As part of the CEQA process, SDSU will be required to pay its fair share of off-site traffic improvements identified in the Environmental Impact Report.**

2. What specific guarantees protect city taxpayers from having to fund City improvements if required in development projects on the site, as opposed to the University funding these improvements?

**As part of the CEQA process, SDSU will be required to pay its fair share of off-site traffic improvements identified in the Environmental Impact Report.**

3. What is your estimated cost of construction for the River Park? By when specifically do you expect improvements to be complete, and what could prevent this timeline from being met?

**The cost of the River Park outlined as part of SDSU’s site plan for Mission Valley is estimated at \$40M. It includes 89 acres of community park space, including 47 acres of active and passive parks and four miles of hike and bike trails. SDSU’s design will respect the original flow of the river through proper placement of the new stadium and the inclusion of finger parks that integrate with the housing and campus development. SDSU understands that the initiative requires the River Park**

**to be constructed at no cost to the City General Fund and within seven years from the date of execution of the sales agreement.**

4. What specifies how long the CSU Board of Trustees have to approve the Campus Master Plan revision? What process occurs if they do not? If nothing specifies this, how quickly do you expect the Board of Trustees to approve the Campus Master Plan revision and why? What concerns do you have on potential litigation that may delay this process?

**Based on the draft timeline SDSU has established, the CSU Board of Trustees would be presented with the sales agreement for approval by mid-2019 following a timely negotiation with the City of San Diego in early 2019. Once the sale is final, SDSU would complete the EIR with the goal of having it approved by January 2020. There is no way to predict the potential for litigation.**

5. What changes to the proposed SDSU Mission Valley site plan are allowed and disallowed through the Campus Master Plan revision process?

**As part of the EIR process, the university may consider changes to the current proposed site plan in response to concerns and needs identified by public agencies or the community during the public input process. Once approved by the CSU Board of Trustees, changes to the master plan for the development would require follow up approval by CSU staff or the Board of Trustees itself depending on the scope of the changes.**

6. What specifies that no student fees and tuition can fund ongoing costs for SDCCU and new stadium maintenance & operations until demolition? If there is no specific restriction, how do you intend to fund these ongoing costs?

**If SDSU has the opportunity to purchase the property, it would take over current operating costs of the existing stadium until the new multi-use stadium is built. SDSU would fund stadium operations and maintenance with revenue generated from the venue. SDSU would aggressively book revenue-generating events.**

**No state appropriation dollars or student tuition would be used to fund stadium operations or maintenance.**

7. Please explain briefly how revenue bonds used to pay for development would be structured.

**The CSU, with its “double A” credit rating, regularly issues debt to construct revenue-generating projects that do not require student tuition or taxpayer dollars for repayment. This SDSU investment would be paid for using revenue generated from long-term ground leases covering the commercial/campus, retail and residential portions on the site.**

8. How many estimated new daily vehicular trips will be created by SDSU’s proposed development, and how were these estimated?



**SDSU worked with Fehr and Peers, a local transportation consultant, who analyzed SDSU's proposed site plan in detail. That analysis indicated a total of 55,140 Average Daily Trips. The trip estimates for all uses were calculated using the most conservative traffic estimates. We anticipate actual ADTs may go down over time as more university uses are realized.**

9. Are there specifications by when all development should be completed? If so, please explain; if not, please explain when you expect all development to be complete.

**SDSU anticipates full buildout of the development in approximately 15 years from the time construction begins.**

10. When do you anticipate enrollment to increase such that the University would begin taking over control of commercially leased development on the site?

**This plan provides a blueprint for the university's long-term growth. Future student enrollment is aligned with demand and sufficient state funding. The availability of appropriate space for quality education is crucial to SDSU's future enrollment growth. The university may begin to occupy the commercial/campus buildings at the time of completion, as SDSU currently leases 500,000 square feet of office space off-campus, some of which may be relocated to the Mission Valley site.**

11. Can you please explain the history to how JMI was awarded the right to perform ground development work?

**JMI is a development consultant for SDSU on the SDSU Mission Valley project. They do not have any rights to perform work beyond the current scope of the development planning. SDSU would select development partners through its standard business practices, such as an RFP.**

Responses submitted by an external party and not endorsed by SDCITA



## **SDCTA Planning Process Questions**

**1. Please elaborate on your intended commitment to environmental mitigation on the site. Is there a specified limit to the amounts of funds you would contribute for environmental mitigation, and if so, what is it? If unexpected mitigation needs arise during development, who is specified as responsible for paying for those mitigation needs? If no one is specified, who would be responsible?**

Appendix C of the Specific Plan details the environmental mitigation requirements for development on the site. It covers aesthetics, air quality, biological resources, geologic and soils, greenhouse gas reduction, hazardous materials/human health/public safety, historical resources, hydrology and water quality, noise, paleontological resources, public services, transportation/circulation, and utilities. There is no specified limit to the amount of funds we would contribute for environmental mitigation. The City's published environmental impact report for the site, created for a new Chargers stadium and redevelopment, included a 1,344-page Phase I Environmental Site Assessment (ESA) which identified many potential environmental issues at the site. The Phase I ESA incorporated previously prepared environmental reports, including a Phase II report on soil sampling, a Subsurface Assessment Report, a Groundwater Monitoring Report, and several others. Section 61.2803(j) of the initiative requires that these disclosed environmental issues shall be the responsibility of the Lessee, except for those addressed by existing third-party agreements (such as with Kinder Morgan), which shall continue to be the responsibility of the third parties.

**2. What are the bases for differences between estimated ADTs in your traffic analysis vis-à-vis SANDAG's analysis?**

SANDAG uses a proprietary traffic model, often described as a "black box" for their analysis, so it is impossible to determine the exact reasons for their overestimation of ADTs. Colin Parent, the Director of Circulate San Diego, has said that "it's a recurring issue that SANDAG doesn't use a standard traffic model, and instead opts for one it created, with unknown inputs and assumptions – which makes holding the agency accountable impossible."

Elements that likely contributed to the overestimation of ADTs are:

**Non-Standard Process:** SANDAG went out of its way to publish a study funded by SoccerCity opponents.



GOVERNMENT | Chargers Stadium | Land Use | SANDAG | SoccerCity

## To Create Its SoccerCity Analysis, SANDAG Used a Loophole for the First and Last Time

SANDAG's traffic analysis of SoccerCity was unusual for a few reasons. First, it created the analysis at the request of one of the project's opponents. And it maneuvered around a board policy that the agency shouldn't review projects set to appear on the ballot. That policy has since been strengthened, meaning SANDAG might not analyze competing projects like SDSU West.



Andrew Keatts  
December 8, 2017



### Key Quotes:

*When SANDAG agreed to create a traffic forecast for SoccerCity, the agency was doing something it had never done before.*

*It reviewed the project at the request of one of SoccerCity's opponents, the group led by rival developers Thomas Sudberry and H.G. Fenton.*

*National City Mayor Ron Morrison asked whether SANDAG had ever granted a traffic study requested by someone other than the project's developer. A staffer said he couldn't recall it ever happening, but that there was nothing that precluded it.*

*"It sounds like we're on a little virgin territory here," Morrison said.*

*But in the months since, the agency changed its policy in a way that will prevent using the same maneuver in the future.*

*It also could mean that SANDAG won't conduct a comparable analysis to the one it did for SoccerCity on a competing proposal, called SDSU West, from supporters of San Diego State University that would redevelop the former Chargers stadium site as a growth opportunity for the university.*

*SANDAG also had to maneuver around its own board policy that says the agency shouldn't review projects set to go before voters as a ballot item.*

*"I just want to I guess go on the record and say, I understand the policy, I'm agnostic about the potential initiative, but I'm a little concerned about the optics here," said Poway Mayor Steve Vaus. "We've got something that's in the process of becoming an official initiative, and we're saying, 'Well, until it's certified ... ' Well, OK. I don't know if that troubles anybody else, but it gives me a little bit of heartburn."*



**Lack of Analytical Integrity:** When asked why there would not be a technical meeting to ensure accuracy, SANDAG staff showed that analytical integrity was not the highest priority in the process, politics was.

**From:** Calandra, Mike [<mailto:Mike.Calandra@sandag.org>]  
**Sent:** Tuesday, November 07, 2017 10:22 AM  
**To:** Walter B. Musial; Justin Schlaefli  
**Cc:** Curry, Rick  
**Subject:** RE: Availability

Walter,

Politics have forced our hand regarding the 11/17 8am meeting.

That will indeed be the final meeting, and I think it is intended to be both technical and executive. The final results as well as SANDAG's responses to outstanding questions and issues will be on the agenda.

And of course, feel free to bring along any junior planners/engineers if need be...

**Uncalibrated Model:** SANDAG used an uncalibrated model for the analysis, which required manual adjustments. The City of San Diego Planning Department was surprised that the model was used since it was having issues with calibration for Mission Valley.

**From:** Muto, Alyssa [<mailto:AMuto@sandiego.gov>]  
**Sent:** Tuesday, December 12, 2017 1:03 PM  
**To:** Major, Ray <[Ray.Major@sandag.org](mailto:Ray.Major@sandag.org)>; Mason, Cheryl <[Cheryl.Mason@sandag.org](mailto:Cheryl.Mason@sandag.org)>  
**Cc:** Tomlinson, Tom <[TomlinsonT@sandiego.gov](mailto:TomlinsonT@sandiego.gov)>; Murphy, Jeff <[MurphyJ@sandiego.gov](mailto:MurphyJ@sandiego.gov)>; Black, Laura <[LBlack@sandiego.gov](mailto:LBlack@sandiego.gov)>  
**Subject:** FW: TRAFFIC STUDY FOR PROPOSED SOCCER CITY PROJECT COMPLETED AND AVAILABLE TO THE PUBLIC

Ray and Cheryl,

I received a copy of this report late last week, and it appears that Series 13 was used for the Soccer City analysis. Can you please clarify if this is the model that was used, and if so, how was it able to be calibrated for Soccer City, when we still are having trouble calibrating Series 13 for Mission Valley CPU to date.

I would like to follow up on this, possibly next week if we can, to discuss Series 13 and Mission Valley further, as well as continuing our discussion on availability of Series 12 for CEQA tiering of our CPUs in the City.

Regards,

Alyssa

**Alyssa M. Muto**  
Deputy Director of Environment and Policy Analysis  
City of San Diego  
Planning Department  
T 619-533-3103  
[www.sandiego.gov](http://www.sandiego.gov)

**25% Overestimation of Commercial Trips:** SANDAG deviated from its standard procedure of using Gross Leasable Area (GLA) for ABM model runs. GLA reflects the area that is actually usable by employees, a driver of activity in the ABM. The model run for SoccerCity used Gross Floor Area (GFA) to determine



employee count, which overstates the employee count, and therefore trips, by approximately 25%. When this issue was raised with SANDAG, no response was received.

**Major Discrepancies vs. Nearby Sites:** After seeing the output from SANDAG's black box, SoccerCity reviewed the output and found a startling number of inaccuracies. Among them:

- 13% higher proportion of employed individuals than multi-family average and directly comparable property
- 44% higher job density per SQF for SoccerCity vs. surrounding comparable land uses
- 1/5 of the trolley use predicted by surrounding sites (and 1/3 of sites with a 10 minute walk to transit) notwithstanding access to 3 trolley stations from our site
- 13% more single car usage at our site compared to SANDAG estimates at most comparable mixed use site – all coming out of 3 passenger car trips

All of which result in more daily trips for our project.

**3. Friends of SDSU claims that the conditions imposed by the Specific Plan would make it almost impossible to accommodate the University's growth plans. These conditions include steep slopes, park location requirements, and sensitive habitats and wetlands that would require special permits.**

The developers behind Friends of SDSU are yet again fabricating accusations to poison the well for potential agreements between SoccerCity and SDSU. Prior to their interference, we had productive discussions with SDSU regarding a partnership at the site, and Section 8.4 of the Specific Plan, the subject of misleading claims by Friends of SDSU, was a product of those discussions. The Specific Plan states:

**8.4 San Diego State University Option**

*It is contemplated that SDSU may improve the area shown on Figures 4.1 and 4.2 as Optional Park Areas into parkland, which, if developed, shall constitute part of the Active Fields required by this Specific Plan. The Specific Plan provides an opportunity for San Diego State University to acquire land within the Plan Area by reaching agreement with any lessee of the City.*

The second sentence clearly states that SDSU has an opportunity to acquire land anywhere within the Plan Area (the entire site). Friends of SDSU are apparently focused on the first sentence and are implying that only those areas would be available to SDSU for campus growth, which is inaccurate. Park acreage is extremely important to SoccerCity, and the first sentence is, in fact, insurance that if SDSU acquired a tract of land that encroached on planned park acreage, there would be pre-identified alternate park land so that SDSU could acquire the tract it wanted while not reducing total park acreage.



**What specifies the acreage on which SDSU must expand should an agreement be reached between Goal SD and the University? If nothing specifies this, can SDSU execute its expansion on any land that would best suit its needs?**

The only restriction on which acreage SDSU would have the opportunity to utilize under a future agreement is that campus buildings must be in the Mixed Use District as defined in the Specific Plan (see above).

We would need to reach an agreement with SDSU on potential future expansion acreage. We have expressed our willingness to accommodate long-term University expansion and restarting productive discussions will be straightforward. We would insist on interacting directly with actual SDSU executives, as opposed to the individuals who interfered with our prior agreement with SDSU.

**4. Several times, you have referenced the letter you wrote to the Mayor in May 2017. In that letter, you make several commitments to accommodate SDSU’s desire for a larger joint use stadium and room for University expansion. However, that letter indicates that you will commit to these provisions “if SDSU enters into a binding stadium joint venture by December 1, 2017,” which to our knowledge, they have not. What commitment you have made since 2017 to negotiate with SDSU for these purposes?**

The original commitment letter envisioned an election in November 2017, with a timeline to ensure that we could move forward with a finalized plan quickly thereafter. Since we now have a November 2018 election, the timeline should shift accordingly, and we enthusiastically commit to work with SDSU for the same purposes on that shifted timeline.

**5. Are there specifications by when all development should be completed? If so, please explain; if not, please explain when you expect all development to be complete.**



Construction logistics and market conditions will determine when all development will be completed, but we hope to complete the project as quickly as both those factors allow. Our initiative, in contrast to SDSU West, contains a reverter right which backs up our commitment to build the stadium quickly. Notwithstanding the reverter, we are motivated to build a stadium with a fun entertainment district around it to support a San Diego MLS team, as well as a vibrant live-work-play community and River Park for all San Diegans to enjoy. We have shown this motivation for speed by pursuing the Citizen's Initiative path, avoiding the lengthy delays associated with multiple CEQA processes which are required under the SDSU West Initiative.

**6. Please explain briefly how revenue bonds used to pay for development would be structured.**

Our plan is not contingent on revenue bonds to pay for development, we have sufficient funding amongst our team to complete the entire plan. This results in a much less risky project than the 100% debt-funded SDSU Mission Valley plan, which has a mismatch between the need to issue bonds at the start of the project for acquisition and infrastructure development, and the vertical development timeline. SDSU representatives have said their development would ultimately take 15-25 years to build out, meaning that SDSU could owe bond payments for decades before developers were showing up to make lease payments. This risky financing maneuver means that taxpayers or students are likely on the hook to fill the gap.

Responses submitted by an external party and made available by SDCTA



*Taxpayers watchdog since 1945*

1855 First Avenue #201, San Diego, CA 92101 • (619) 234-6423 • [info@sdcta.org](mailto:info@sdcta.org) • [www.sdcta.org](http://www.sdcta.org)

May 21, 2018

[Delivered Electronically]

Dear Goal San Diego, Friends of SDSU, and SDSU,

Our Association will be analyzing your proposals for the future of the Mission Valley stadium site, which are set to appear in front of voters this November. Our objective is to enhance taxpayers' understanding of each proposal and their impact on our region.

As part of this process, we request responses to Section 5 of the attached questions about your respective plans by Monday, May 28, 2018 at 5:00 p.m. Please note these questions and your responses will be published alongside our official analyses of this issue. If you wish to provide additional insights you feel might be pertinent to our analysis of the obligations in each initiative, please include those questions or comments in your responses. We look forward to hearing from you, and thank you in advance for cooperating with us on this effort.

Sincerely,

A handwritten signature in black ink, appearing to read "Megan Couch", written in a cursive style.

Megan Couch  
Policy Manager  
San Diego County Taxpayers Association



## Section 5: Tax Revenues and Economic Impact

Please cite the appropriate legislative/regulatory source in your response.

### *SoccerCity*

1. Of the various activities projected to occur with SoccerCity, please specify which activities would occur on leased land and what are their projected possessory interest fees and which activities would occur on land you would purchase and what are their projected property tax liabilities. Please share the mechanisms by which you made such projections.
2. Please share and comment on any independent economic analyses performed on SoccerCity. Please specify which areas of economic impact are substantively different than SDSU West, and while you should certainly feel free to specify the aggregate differences in impact, please specify when such differences would occur and the substantiating evidence for such differences.
3. Please specify the types of fees the SoccerCity initiative requires Goal San Diego and its partners pay to the City of San Diego.
4. Should Goal San Diego reach an agreement with SDSU to utilize portions of the site for university expansion, would any elements of the SoccerCity plan limit or disallow student/faculty usage of this property once an agreement has been reached? Is there any language in the SoccerCity plan that specifies how SDSU could acquire land from Goal San Diego and whether this land would be bought or leased by the university?

### *SDSU West*

1. Given the difference between state-used and privately leased property with regard to property tax, can you confirm that all development will be done by private developers? If any, what restrictions does the initiative place on who must complete development?
2. To help us understand the differences between possessory interest tax and property tax paid between the two proposals, can you please share what specifies the expected duration of the average ground lease provided to the private developers? If there are not specifications, then can you please share estimates?
3. Of the various activities projected to occur with SDSU Mission Valley, please specify which activities would occur on leased land and what are their projected possessory interest fees and which activities would occur on land you would purchase and what are their projected property tax liabilities. Please share the mechanisms by which you made such projections.
4. What are the historical amounts of possessory interest paid by and through activities on existing SDSU property and for what possessory interests?
5. Please share and comment on any independent economic analyses performed on SDSU West. Please specify which areas of economic impact are substantively different than SoccerCity, and while you

should certainly feel free to specify the aggregate differences in impact, please specify when such differences would occur and the substantiating evidence for such differences.

6. Please specify the types of fees the SDSU West initiative requires SDSU and its private partners pay to the City of San Diego.
7. Please discuss SDSU's need for the new land to meet anticipated student growth and the expected timeline for that growth.



Section 5: Tax Revenues and Economic Impact  
Friends of SDSU Response  
May 28, 2018

1. Given the difference between state-used and privately leased property with regard to property tax, can you confirm that all development will be done by private developers? If any, what restriction does the initiative place on who must complete development?

This first portion of this question is best addressed by San Diego State University (SDSU). Friends of SDSU recommend considering the University's response to this question.

In response to the second question, the SDSU West Initiative does not preclude the University's ability to engage in public-private partnerships to develop the existing stadium site. The University has a strong track record of engaging in successful public-private partnerships on its existing campus. The terms of the initiative do not contain any restrictions on who must actually construct development on the stadium site; however, the Initiative does require timely delivery of affordable housing, the River Park and a new stadium among others (*See Taxpayer Analysis of Initiatives regarding requirements for delivery*).

To expand further, the Initiative authorizes and directs the sale of the existing stadium site to SDSU as a public agency for "Bona Fide Public Purposes" in accordance with the City Charter and in compliance with a series of conditions including, but not limited to, the following:

*"Such sale shall be at such price and upon such terms as the [City] Council shall deem to be fair and equitable and in the public interest; ...*

*Such sale and ultimate development shall **not impair or preclude SDSU from engaging in SDSU-private partnerships with other entities or affiliates to finance, construct, and operate the resulting buildings and facilities** on the Existing Stadium Site for a defined period of time...*

*Such sale shall **not prohibit SDSU from leasing, selling, or exchanging any portion of the Existing Stadium Site to an entity or affiliate as part of a SDSU-private partnership/arrangement, or to an SDSU auxiliary organization.**"*

The SDSU West Initiative defines SDSU as follows: *"SDSU' means San Diego State University, a California State University, with authority delegated by the Board of Trustees of the California State University, which is the State of California acting in its higher education capacity; and any SDSU auxiliary organization, entity, or affiliate. As defined, SDSU is a public university; and as such, acts in its capacity as a state public agency..."*

The SDSU West Initiative defines Bona Fide Public Purposes as follows: *"... a good faith or genuine use or uses for public or government purposes such as public university uses or facilities; institutional uses or facilities; offices; buildings; stadium, park, open space, trail, and recreation uses and facilities; academic uses and facilities; public parking; faculty, staff, student and residential*



*market-rate and affordable housing; hotel uses and facilities to support university goals and objectives; and public-private partnership support uses and facilities, including but not limited to commercial, neighborhood-serving retail, research, technology, development, entrepreneurial, and residential uses, because all such uses, individually and cumulatively, promote or facilitate SDSU's higher education mission, goals, and objectives."*

In conclusion, the combination of these provisions makes it clear that the sale of the existing stadium site to San Diego State University is for a public purpose and must be in the public interest. Additionally, those public purposes can be advanced through the creation of public-private partnerships with "other entities or affiliates to finance, construct, and operate the resulting buildings and facilities."

- 2. To help us understand the difference between possessory interest tax and property tax paid between the two proposals, can you please share what specific expected duration of the average ground lease provided to the private developer? If there are not specifications, then can you please share estimates?**

This question is best addressed by San Diego State University. Friends of SDSU recommend considering the University's response to this question.

It should be noted that opponents claim that possessory interest taxes generate lower tax revenues than property taxes; however, the below directive from the California State Board of Equalization repudiates this claim:

*"... the standard of value for the assessment of taxable possessory interests generally is fair market value, the same standard that generally applies to all other taxable property." (See Assessors' Handbook, Section 510, Assessment Of Taxable Possessory Interests, California State Board of Equalization, December 2002 Reprinted January 2015.)*

Additionally, an interesting facet of the SoccerCity critique of possessory interest taxes is that it ignores the large amount of land subject to possessory interest taxes under the SoccerCity Initiative. The initiative compels the City to lease 253 acres to SoccerCity, of which SoccerCity may acquire 79.9 acres. If none were acquired, all 253 acres would pay possessory interest taxes. If 79.9 acres were acquired, about 173 acres would pay possessory interest taxes. If SoccerCity conveyed 35 acres to SDSU as promised (*not a credible offer and not contained within the SoccerCity Initiative*), 208 acres would pay possessory interest taxes. All of these figures are greater than SDSU West's 132-acre acquisition.

- 3. Of the various activities projected to occur with SDSU Mission Valley, please specify which activities would occur on leased land and what are their projected possessory interest fees in which activities would occur on land you would purchase and what are their projected property tax liabilities. Please share the mechanism by which you made such projections?**

This question regarding SDSU Mission Valley is best addressed by San Diego State University. Friends of SDSU recommend considering the University's response to this question.



4. What are the historical amounts of possessory interest paid by and through activities on existing SDSU property and for what possessory interests?

This question is best addressed by San Diego State University. Friends of SDSU recommend considering the University's response to this question.

5. Please share and comment on any independent economic analysis performed on SDSU West. Please specify which areas of economic impact are substantially different than SoccerCity, and while you should certainly feel free to specify the aggregate difference in impact, please specify when such differences would occur and the substantiating evidence for such differences?

*Please see the attached report for response and complete analysis.*

6. Please specify the types of fees SDSU West initiative requires SDSU and its private partners pay to the City of San Diego.

The SDSU West initiative requires that SDSU (*including public-private partnerships*) to pay all "City's development impact fee requirements" including all Mission Valley Development Impact Fees, school fees, parkland dedication requirements and affordable housing requirements.

*"Such sale and ultimate development shall require development within the Existing Stadium Site to comply with the City's development impact fee requirements, parkland dedication requirements, and housing impact fees/affordable housing requirements."*

Second, SDSU has a 22-acre minimum neighborhood park requirement for the site, even if the total development constructed by SDSU requires less than 22 acres pursuant to the City's parkland dedication requirements. Should the SDSU development park demand exceed 22 acres, the University would be required to meet the higher requirements.

*"...In addition, the Existing Stadium Site shall reserve and improve an additional minimum of 22 acres as publicly-accessible active recreation space."*

Third, SDSU West requires that the sale of the existing stadium site will not result in any new or additional City taxes.

*"Such sale shall not raise or impose any new or additional taxes on City residents."*

Fourth, SDSU West requires SDSU to contribute fair share mitigation for its impacts. This provision gives the City authority to require SDSU to reimburse the City for any processing costs. This provision also authorizes the City and SDSU to negotiate payments-in-lieu-of-taxes to the extent that the University's public use of publicly-owned real estate that does not generate commensurate property/possessory interest taxes.

*"Such sale shall require SDSU and the City to negotiate fair-share contributions for feasible mitigation and applicable taxes for development within the Existing Stadium Site."*



Additionally, it should be noted that the Friends of SDSU recognize that opponents claim the SDSU West Initiative is deficient because the City does not have the power to regulate the State of California. They therefore argue the many conditions contained in the initiative, including the requirement to pay development fees as discussed above, cannot be enforced by the City.

We understand fully the initiative's conditions cannot be enforced through the City's regulatory powers. The Friends of SDSU never claimed the City has such power and the SDSU West Initiative does not rely on such power. Rather, the foundation of the initiative is the City's power to bind the State of California through a Purchase and Sales Agreement.<sup>1</sup>

Thus, to repeatedly suggest the initiative is deficient because it cannot regulate the State falsely criticizes the initiative for something it is not intended to do.

**7. Please discuss SDSU's need for the new land to meet anticipated student growth and the expected timeline for the growth.**

This question is best addressed by San Diego State University. Friends of SDSU recommend considering the University's response to this question.

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<sup>1</sup> The City Attorney agrees that a Purchase and Sales Agreement is the proper vehicle to bind San Diego State University to deliver conditions set forth in the SDSU West Initiative. "A Purchase and Sales Agreement between the city and SDSU would be binding on the parties when approved by the Council and the state Board of Trustees." (Pages 7-8 of the March 1, 2018 City Attorney letter.)



## ADDITIONAL COMMENT REGARDING ECONOMIC IMPACT

Friends of SDSU recognize that the fiscal impact of the proposed reuse of SDCCU Stadium is an important consideration. It is critical, though, that the Taxpayers Association does not overlook a financial issue of even greater importance – the short and long-term economic impact of stadium site redevelopment.

Higher education is one of the best investments a community can make. Currently, San Diego State University generates about \$5.6 billion of economic activity in the San Diego region per year. The University supports more than 40,000 jobs and produces more than \$457 million annually in state and local taxes (*Analysis of SDSU Annual Economic Impact, 2017*). With the ability to produce more college graduates in the San Diego Region and bolster the University's current economic impact, the SDSU West initiative would help grow our regional economy.

From a 2015 report referenced below, the Public Policy Institute of California further explains the critical need for more college graduates in the State and the long-term benefits they provide. These findings further demonstrate why SDSU West will benefit our regional economy for many generations to come.

*"Workers in all segments of the economy with higher levels of education produce more, earn more and pay more taxes and receive fewer public services. College graduates earn about 70 percent more than similar workers with a high school diploma."*

*"Failing to keep up with the demand for skilled workers will curtail economic growth, limit economic mobility, and increase inequality. It will result in a less productive economy, lower incomes, lower tax revenue, and greater dependence on the social safety net. Over time, if our workforce does not have the skills and training that employer's need, firms will close, relocate, or operate at lower levels of productivity."*

*"California's higher education system is not keeping up with the economy's changing needs. If current trends continue, California will face a large skills gap by 2030—we will be 1.1 million college graduates short of demand."*

*-Public Policy Institute of California, October 2015*

The Federal Reserve Bank of Boston also notes the tax benefits college graduates produce in the regions where they live and work.

*"College graduates generally pay much more in taxes than those not going to college. Government expenditures are also generally much less for college graduates than for those without a college education..."*

*-Fiscal Impact of College Attainment, New England Public Policy Center, Federal Reserve Bank of Boston*



Additionally, The New England Public Policy Center (Federal Reserve Bank of Boston) estimates that each four-year-equivalent degree creates the following direct fiscal consequences over an average lifetime:

*“Total tax revenues increase by about \$471,000.*

*State income taxes increase by about \$52,500.*

*Local property taxes increase by \$38,000.*

*State and local sales taxes increase by more than \$27,000.*

*Federal income taxes increase by \$238,000.*

*Federal payroll taxes increase by \$115,500.”*

*“Various forms of public assistance decrease by more than \$10,000.*

*Medicaid benefits decrease by almost \$21,000.*

*Medicare benefits decrease by \$9,500.*

*Social Security benefits decrease by \$9,000.*

*Supplemental Security Income payments decrease by almost \$6,000.*

*Unemployment compensation decreases by more than \$1,500*

*Worker’s compensation decreases by \$1,500.*

*Spending on corrections decreases by more than \$21,000.*

*Spending on public healthcare decreases by almost \$5,000.”*

This Federal Reserve Bank of Boston analysis clearly documents what we know intuitively. College graduates earn higher wages, generate greater wealth, pay more taxes and received fewer public services. While the Friends of SDSU West acknowledge that, on the near term, the SoccerCity Initiative could generate more tax revenue than SDSU West, examination of the competing land use plans reveals that the disparity is not as great as one might imagine.

Responses submitted by an external party and not endorsed by SDCTA





### Fiscal Impact of Redevelopment of SDCCU Stadium Three Alternative Analyses

Friends of SDSU have carefully reviewed the MLS Stadium and Mixed Use Development Economic and Fiscal Impact Study, AECOM, 2017 (SoccerCity FIA).

This study, like all fiscal impact analyses (FIA), is comprised of two components, (1) methodology and (2) assumptions. We have no issues with the report's methodology. We do, however, question three the of the report's assumptions included below.

**New Stadium Size:** The SoccerCity FIA assumes a 30,000-seat stadium. According to the SoccerCity Specific Plan a 30,000-seat stadium requires a partnership with San Diego State University (SDSU). Without such a partnership, the Soccer City Specific Plan envisions stadium sized between 18,000 and 22,000 seats.

**Stadium Maintenance:** The SoccerCity FIA ignores the ongoing City cost to maintain the existing stadium until FS Investors decides to demolish the existing stadium. In contrast, the SDSU West Initiative requires SDSU to assume SDCCU Stadium maintenance responsibility upon sale of the site, immediately relieving the City of the \$7 to \$14 million annual burden.

**Retail Development:** The SoccerCity Transportation Study projects that build out of the land uses contained in the SoccerCity plan would generate 71,533 average daily trips (ADTs). However, the San Diego Association of Government's independent analysis calculated that SoccerCity actually generates about 97,000 ADTs. The SoccerCity Initiative imposes a 71,533 ADT cap (Specific Plan Section 8.1). Accordingly, the land uses actually built by SoccerCity must

generate 26,000 fewer ADTs. If all of SoccerCity's land uses remain as planned, and the plan's retail component is reduced by 26,000 ADT, the SoccerCity retail would shrink from 740,000 square feet to 73,000 square feet.

In response to these concerns, and in an effort to create an apples-to-apples evaluation of the fiscal impact of the SDSU Mission Valley Plan, we prepared a study comparing three alternative fiscal impact analyses.

- SoccerCity FIA as presented in the AECOM Study.
- SoccerCity FIA with modified assumptions.
- SDSU Mission Valley Land Plan FIA based on the SoccerCity FIA methodology.

#### Conclusions:

SoccerCity FIA (AECOM Report): The SoccerCity FIA concluded that the SoccerCity Plan would generate an annual estimated demand for \$9.7 million in City services (Costs) offset by about \$13.7 million in estimated annual revenues, for a net positive fiscal impact of about \$4 million. The SoccerCity FIA did not consider the impact of continued City maintenance of SDCCU stadium. If that cost is considered, the SoccerCity Plan results in a \$3 to \$10 million annual loss until the City is relieved of the cost of maintaining the stadium.

SoccerCity FIA with Modified Assumptions: This evaluation estimates SoccerCity would generate an annual demand for \$9.7 million in City services (Costs) offset by about \$10.8 million in annual revenues, for a net positive fiscal impact of about \$1.1 million, without considering the impact of SDCCU stadium maintenance. If that cost is considered, then the SoccerCity Plan results in a \$6 to \$13 million annual loss until the City is relieved of the cost of maintaining the



stadium. The analysis' primary modified assumptions include (1) removed rounding, (2) decreased stadium size from 30,000 to 20,000 seats, (3) reduced retail from 740,000 to 73,000 square feet, and (3) included the cost of continued City stadium maintenance.

SDSU Mission Valley Plan FIA: This evaluation estimates the SDSU Mission Valley Plan would generate an annual demand of \$8.25 million for City services (Costs) offset by about \$10.1 million in annual revenues, for a net positive fiscal impact of about \$1.9 million. The analysis extrapolated the AECOM study's various cost and revenue factors to reflect the SDSU Mission Valley Plan on a pro-rata basis. That is, where cost or revenue calculations are based upon a per capita factor, the analysis applied the same per capita factor to the SDSU Mission Valley Plan. The same applies for square foot factors, unit factors and hotel room factors. Reliance on the AECOM methodology ensures that the analysis is an apples-to-apples comparison. Major assumption include: (1) 35,000-seat stadium as required by the SDSU West Initiative; (2) reduced City costs because the University will provide its own on-site law enforcement service, and (3) reduced Transfer Tax Revenues because property used for University purposes will not likely be sold or re-leased. The analysis does not reduce property tax revenues to reflect the possibility that future public uses will be located in state owned (as opposed to leased) facilities.

Responses submitted by an external party and not endorsed by SDCTA



TABLE 1 - Dashboard Summary of Three Alternative Analyses

	SoccerCity Per FIA	SoccerCity Modified Assumptions	SDSU Mission Valley
Total Estimated Annual Costs	\$9,700,000	\$9,700,000	\$8,241,667
Total Estimated Annual Net New Revenue	\$13,700,000	\$10,815,889	\$10,120,994
Estimated Net Annual Fiscal SURPLUS (w/o SDCCU)	\$4,000,000	\$1,115,889	\$1,879,327
ADJUSTMENT FOR SDCCU STADIUM MAINTENANCE			
Estimated Annual City <u>Cost</u> of SDCCU Operations	\$7 to 14 million	\$7 to 14 million	0
Estimated Net Annual Fiscal Impact (with SDCCU) until the City is relieved of Stadium Maintenance Costs	<b>\$3 to \$10 million <u>LOSS</u></b>	<b>\$6 to \$13 million <u>LOSS</u></b>	<b>\$1,850,827 <u>SURPLUS</u></b>

Responses submitted by an external party and not employed by SDCTA



TABLE 2 - Full Summary of Three Alternative Analyses

SUMMARY Ref: Table 10, Page 33 of SoccerCity Fiscal Impact Analysis (FIA)	SoccerCity FIA	SoccerCity FIA Modified Assumptions	SDSU Mission Valley FIA	NOTE
Total Estimated Annual Costs	\$9,700,000	\$9,700,000	\$8,241,667	1
Property Tax	\$6,100,000	\$5,199,223	\$4,760,317	
Property Tax In Lieu	\$700,000	\$700,000	\$670,600	
Property Tax Transfer	\$200,000	\$200,000	\$100,000	
Sales Tax	\$3,000,000	\$1,108,667	\$1,195,000	
Transient Occupancy Tax	\$900,000	\$900,000	\$800,000	
Other Revenue	\$2,800,000	\$2,708,000	\$2,595,076	
Total Estimated Annual Net New Revenue	\$13,700,000	\$10,815,889	\$10,120,994	
Estimated Net Annual Fiscal SURPLUS (w/o SDCCU)	\$4,000,000	\$1,115,889	\$1,879,327	
ADJUSTMENT FOR SDCCU STADIUM MAINTENANCE				
Estimated Annual City <u>Cost</u> of SDCCU Operations	\$7 to 14 million	\$7 to 14 million	0	
Estimated Net Annual Fiscal Impact (with SDCCU) until the City is relieved of Stadium Maintenance Costs	<b>\$3 to \$10 million <u>LOSS</u></b>	<b>\$6 to \$13 million <u>LOSS</u></b>	<b>\$1,850,827 <u>SURPLUS</u></b>	



TABLE 3 - Three Alternative Analyses – Property Taxes

PROPERTY TAXES: Ref: Table D, Page 47 of SoccerCity FIA	SoccerCity FIA	SoccerCity FIA Modified Assumptions	NOTE	SDSU Mission Valley FIA	NOTE
<b>RESIDENTIAL</b>					
Units	4,800	4,800		4,600	
Estimated Value	\$1,897,000,000	1,897,000,000		\$1,817,958,333	C
<b>RETAIL</b>					
Gross SF	740,000	73,000		95,000	
Estimated Value	\$532,000,000	\$52,481,081	A	\$68,297,297	D
<b>OFFICE</b>					
Gross SF	2,400,000	2,400,000		1,600,000	
Class A Gross SF	1,440,000	1,440,000			
Estimated Value	\$510,000,000	510,000,000			
Tech/R&D	960,000	960,000			
Estimated Value	\$340,000,000	340,000,000			D
Estimated Value	\$850,000,000	\$850,000,000		\$566,666,666	
<b>HOTEL</b>					
Limited Service Keys	300	300		400	
Boutique Keys	150	150			
Estimated Value	\$91,000,000	91,000,000		\$80,888,888	E
<b>STADIUM</b>					
Seats	30,000	20,000		35,000	
Estimated Value	\$200,000,000	\$150,000,000	B	\$250,000,000	F
<b>TOTAL IMPROVED VALUE</b>	<b>\$3,570,000,000</b>	<b>\$3,040,481,081</b>		<b>\$2,783,811,186</b>	
<b>CITY PROPERTY TAX (0.171%)</b>	<b>\$6,100,000</b>	<b>\$5,199,222.6</b>		<b>\$4,760,317.13</b>	



TABLE 4 - Three Alternative Analyses – Other Property Taxes

OTHER PROPERTY TAXES Ref: Table 10, Page 33	SoccerCity FIA	SoccerCity FIA Modified Assumptions	NOTE	SDSU Mission Valley FIA	NOTE
Property Tax In Lieu of VLF	\$700,000	\$700,000		\$670,600	G
Property Tax Transfer	\$200,000	\$200,000		\$100,000	H

TABLE 5 - Three Alternative Analyses – Sales Taxes

SALES TAX Ref: Table E, Page 48	SoccerCity FIA	SoccerCity FIA Modified Assumptions	NOTE	SDSU Mission Valley FIA	NOTES
Estimated Annual Sales Tax Revenue by New Residents	\$1,000,000	\$1,000,000		\$958,000	G
Estimated Annual Sales Tax Revenue by Stadium Events	\$100,000	\$82,666	I	\$217,000	
Estimated Annual Sales Tax Revenue by On-site Employees	\$50,000	\$26,000	J	\$20,000	L
Total Estimated Net Sales Tax Revenue by Residents, Stadium, and On-Site Employees	\$1,100,000	\$1,108,667		\$1,195,000	
Total Estimated Net Sales Tax Revenue by Remainder of Development	\$1,900,000	\$0	K	\$0	
Total Estimated Net Sales Tax Revenue for Combined MLS Development	\$3,000,000	\$1,108,667		\$1,195,000	



TABLE 6 - Three Alternative Analyses – Transient Occupancy Taxes

Transient Occupancy Tax Ref: Table F, Page 49	SoccerCity FIA	SoccerCity FIA Modified Assumptions	NOTE	SDSU Mission Valley FIA	NOTES
Transient Occupancy Tax	\$900,000	\$900,000		\$800,000	M

TABLE 7 - Three Alternative Analyses – Other Taxes

OTHER TAXES Ref: Table G, Page 50	SoccerCity FIA	SoccerCity FIA Modified Assumptions	NOTE	SDSU Mission Valley FIA	NOTES
Franchise Fees	\$900,000	\$900,000		\$900,000	G
Licenses & Permits	\$200,000	\$200,000		\$200,000	G
Fines, Forfeitures and Penalties	\$300,000	\$300,000		\$300,000	G
Revenue from Other Agencies	\$8,000	\$8,000		\$8,000	G
Charges for Current Services	\$1,300,000	\$1,300,000		\$1,300,000	G
Estimated Total Other Revenue	\$2,708,000	\$2,708,000		\$2,708,000	G



NOTES:

1. SDSU Mission Valley costs were reduced on a per capita basis and also to reflect reduced city police costs because the University will provide its own on-site police service. (Police costs contained in the SoccerCity model reduced by one third.)
- A. SoccerCity retail space was reduced by approximately 90% to reflect the reduced number of ADTs permitted on-site. This resulted in a reduction in estimated property value.
- B. The estimated property value of the SoccerCity Stadium is reduced to reflect reduction in the size of the Stadium from 30,000 seats to 20,000 seats. According to the Soccer City Specific Plan, the 30,000-seat stadium requires a financial contribution from San Diego State University. Without such a partnership, the Soccer City Specific Plan envisions a stadium sized between 18,000 and 22,000 seats.
- C. Pro rata calculation based upon number of units.
- D. Pro rata calculation based upon square feet.
- E. Pro rata calculation based on number of rooms.
- F. The SDSU Mission Valley Plan's estimated revenue is calculated based upon a 35,000-seat stadium, as required by the SDSU West Initiative.
- G. Per capita adjustment.
- H. Adjustment to reflect two factors: (1) marginally lower property tax values in the Mission Valley Plan and (2) the likelihood that property used for university purposes will seldom, if ever, be transferred.
- I. A reduction in estimated sales tax revenues for Stadium events to reflect a reduction in the size of the Stadium from 30,000 seats to 20,000 seats.
- J. Reduction in sales tax revenues from on-site employees by roughly 50% to reflect the reduced retail development pursuant to the ADT reduction discussion.
- K. A reduction in estimated sales tax revenues to reflect the reduced retail development pursuant to the ADT reduction discussion.
- L. Assumed sales tax revenues for on-site employees extrapolated from the SoccerCity estimate.
- M. Pro rata reduction based upon fewer rooms.



As part of a review of the SDSU West initiative, the San Diego County Taxpayers Association asked the Friends of SDSU the following questions, which focus on the tax impacts related to the SDSU Mission Valley site plan and stadium. As a result, SDCTA requested answers from San Diego State University.

Because the Friends of SDSU and San Diego State University are separate entities and not directly affiliated, SDSU is providing these answers separate from the Friends of SDSU and directly to the SDCTA.

*1. Given the difference between state-used and privately leased property with regard to property tax, can you confirm that all development will be done by private developers? If any, what restrictions does the initiative place on who must complete development?*

No, SDSU cannot confirm that all development will be done by private developers. The initiative places no restrictions on who must complete development. While SDSU has received interest from the best and brightest developers from around the country in terms of residential, commercial, and campus uses, it would be premature at this time to commit to any one method of development.

However, we intend that the SDSU initial investment would be paid for using revenue generated from long-term ground leases to private developers covering the commercial/campus, retail, hotels and residential portions on the site. Since the residential, retail/hotel and commercial/campus innovation portions of the site would not be used exclusively for educational purposes, these uses at the site would generate property tax revenue on taxable possessory interest in the same manner as a private development.

The Stadium would be financed separately by SDSU through donor funds and bonds paid by the revenue generated from the venue, such as naming rights, sponsorships, premium experiences, ticket sales, concessions, and parking.

*2. To help us understand the differences between possessory interest tax and property tax paid between the two proposals, can you please share what specifies the expected duration of the average ground lease provided to the private developers? If there are not specifications, then can you please share estimates?*

SDSU investment would be paid for using revenue generated from long-term ground leases with duration of 40 years or more, and would cover the commercial/campus, retail, hotels and residential portions on the site. These private uses of the property would generate property taxes on taxable possessory interest. The various uses of the property would also generate sales tax and transit occupancy tax revenue for the City of San Diego.

*3. Of the various activities projected to occur with SDSU Mission Valley, please specify which activities would occur on leased land and what are their projected possessory interest fees and which activities would occur on land you would purchase and what are their projected property tax liabilities. Please share the mechanisms by which you made such projections.*

SDSU is interested in purchasing the property where the stadium and surrounding parking lot currently sit. The university intends to ground lease the portions of the site that cover the commercial/campus, retail, hotels and residential development uses, all of which would be subject to property taxes on taxable possessory interest based on rates in effect at that time. The only portions of the property that will not occur on “leased land” are the community parkland (approximately 75 acres) and the stadium. Retail sales tax would be generated at the retail establishments within the development. Transit occupancy taxes will be generated at the hotel site, in addition to providing academic opportunities for SDSU’s School of Hospitality and Tourism Management. Retail sales tax will be generated through the sales of food, beverages, and other merchandise at SDSU home football games and other community events at the stadium. All taxes would be based on rates in effect at the time.

*4. What are the historical amounts of possessory interest paid by and through activities on existing SDSU property and for what possessory interests?*

The majority of the current property owned by SDSU is used exclusively for educational purposes and so is exempt from property taxes, although private enterprises (e.g. Trader Joe’s in South Campus Plaza) do lease space in various SDSU facilities and pay possessory interest tax directly to the county. SDSU does not have the data on the amount of such taxes.

Current university expenditures support a total of 12,800 jobs annually in San Diego and Imperial Counties, as well as over \$524 million in labor income and more than \$1.35 billion in industry activity. University expenditures also produce \$132 million in state and local taxes. For every dollar of direct industry activity, \$1.70 is returned to the region’s economy. ([Reference: ICF SDSU Economic Impact Report](#))

The property in Mission Valley would not be exclusively used for educational purposes and as such, would be subject to all applicable possessory interest tax.

*5. Please share and comment on any independent economic analyses performed on SDSU West. Please specify which areas of economic impact are substantively different than SoccerCity, and while you should certainly feel free to specify the aggregate differences in impact, please specify when such differences would occur and the substantiating evidence for such differences.*

SDSU has not completed such a study.

SDSU intends to build a world class university research and innovation campus by partnering with private industry to expand the university’s current research enterprise, which brought in approximately \$134 million last year. The university intends to create an innovation hub for SDSU academics, researchers, students and industries to come together to collaborate and innovate, supercharging entrepreneurial opportunities. SDSU currently has a \$5.7 billion annual economic impact in the region, which would only increase if the university has the opportunity to grow in Mission Valley.

*6. Please specify the types of fees the SDSU West initiative requires SDSU and its private partners pay to the City of San Diego.*

Should SDSU be given the opportunity to buy the Mission Valley site, SDSU's private partners would pay Development Impact Fees as required by the City of San Diego, just like any other private sector development in the city. SDSU has also committed to requiring its residential development partners to build affordable housing on site instead of payment of in-lieu fees.

*7. Please discuss SDSU's need for the new land to meet anticipated student growth and the expected timeline for that growth.*

To effectively serve increasing demands for enrollment growth at SDSU, and to support regional economic growth, SDSU must identify opportunities for expansion. With a landlocked campus of just 288 acres (compared to approximately 2,000 acres at UCSD), and over 90,000 applicants last year alone, SDSU is physically constrained which limits our opportunities for long term enrollment growth, expansion and development of research and innovation space. The Mission Valley site is the only nearby piece of land capable of addressing San Diego State University's long-term expansion needs. SDSU's site plan provides a blueprint for the university's long-term growth if we are able to acquire the Mission Valley site. Actual student enrollment growth is a function of enrollment demand and state funding. The availability of appropriate space for quality education is crucial to SDSU's ability to accommodate future enrollment growth. It is also crucial for the San Diego region.

Depending on state funding, an average of 1 percent annual enrollment growth would result in the addition of 6,000 new students over the course of the 15-year development period. Using data from the SDSU Economic Impact Analysis report conducted by ICF in 2017, each student generates \$58,140 total economic impact in the San Diego region (2018 dollars), of which 69 percent is related to university operational expenditures. Assuming this enrollment growth, it would result in nearly \$239 million of total new economic output in 2033.

Responses submitted by the third party are not certified by SDGIA



## SDCTA Tax Revenues and Economic Impact Questions

**1. Of the various activities projected to occur with SoccerCity, please specify which activities would occur on leased land and what are their projected possessory interest fees and which activities would occur on land you would purchase and what are their projected property tax liabilities. Please share the mechanisms by which you made such projections?**

Commercial activities such as the stadium, housing, office, and retail will ultimately sit on purchased land, as this allows a simpler development process and provides for the payment of full property taxes to the City and County. Independently estimated property tax liabilities for the commercial activities on purchased land are \$31 million per year, at full build out, in 2017 dollars. Infrastructure and park activities will occur on leased land. Given that the Sacramento County Assessor has stated that “possessory interest assessments are normally less, and often significantly less, than fee simple assessments of similar, privately owned property,” it is difficult to estimate possessory interest for the leased land, so \$0 of contribution was assumed in our analysis.

**2. Please share and comment on any independent economic analyses performed on SoccerCity. Please specify which areas of economic impact are substantively different than SDSU West, and while you should certainly feel free to specify the aggregate differences in impact, please specify when such differences would occur and the substantiating evidence for such differences?**

The San Diego Regional Economic Development Corporation (EDC) and AECOM performed an independent economic & fiscal impact analysis of SoccerCity. Their analysis estimated that SoccerCity would generate:

- 26,000 permanent jobs (42,000 during construction phase)
- \$2.8B annual GDP impact to San Diego (\$3.7B during construction phase)
- \$38 million in annual taxes and fees (\$21.6 million annual net fiscal impact)

Property taxes comprise over 80% of the tax & fee revenue generated by SoccerCity.

The EDC analysis conservatively did not incorporate several key factors: 1) eliminating the current \$8m+ stadium subsidy, 2) making the FMV lease payment to the City, and 3) generating significant tourism impact through international and club soccer matches, each of which generate additional significant positive economic and fiscal impact. Little data exists on the impact of international and club soccer matches, but a reasonable analogue is college bowl games, which similarly host a one-off game between non-local teams. A 2016 study by George Washington University and the SDSU School of Hospitality found that bowl games consistent with the scale of the SoccerCity stadium generate \$13-\$20 million in economic impact. The experience and connections of the SoccerCity team (primarily Juan Carlos Rodriguez and Landon Donovan) is key to delivering and executing these matches, and is a feature unmatched by SDSU West.




For the quantified economic impacts in the EDC analysis, commercial activities, through employment, drive the majority of the economic impact. Based on the relative amounts of proposed commercial activities, SoccerCity would generate 10,400 more permanent jobs, and \$1.12 billion more annual GDP impact than SDSU West.

Comparing fiscal impacts, SDSU West proponents have stated that private developers will be given long-term leases to develop the site, with the University potentially acquiring the buildings at the end of the leases. Those private developers will pay a significantly lower possessory interest tax (likely declining over time as the lease end date nears), thereby getting a long-term property tax subsidy at the expense of local taxpayers.

Importantly, SDSU's ongoing local impact will be fully realized in the SoccerCity plan. The existing impact from students, graduates, and the university will continue, and because SoccerCity accommodates the University's stated land needs, any new impact from future growth will occur under the SoccerCity plan. Therefore, SoccerCity will always generate a greater economic impact than SDSU West.

In addition to being a new San Diego company with its own local employees and revenue, an expansion San Diego MLS team will be a catalyst to increase civic pride and economic impact for the region. A new MLS team adds a major feature for San Diego as an employment destination and shifts the narrative from San Diego being a place that sheds major professional sports franchises to one that has added the fastest growing major sport in the US. Furthermore, the demographics of MLS (2<sup>nd</sup> most popular sport among millennials, 65% of audience is 18-34) are consistent with the workforces of growing, innovation-driven companies, all of which will lead to a substantively greater economic impact than SDSU West.

The speed of realizing the aforementioned impacts will also be faster under the SoccerCity plan in comparison with SDSU West. The Citizen's Initiative path followed by SoccerCity avoids the lengthy delays associated with campus planning iterations and multiple CEQA processes which are required under the SDSU West Initiative. If the most recent SDSU Campus Master Plan revision (timeline below) is indicative of the SDSU West timeline, SoccerCity could be 10-15 years faster than SDSU West in generating our superior economic impact.

 <b>Timeline</b>	
<b>2000</b>	Campus Master Plan approved for 25,000 FTES
<b>November 2007</b>	EIR for Campus Master Plan approved by Trustees for 35,000 FTES
<b>December 2007</b>	City of San Diego, SANDAG, MTS, and one community group file lawsuit
<b>March, 26, 2010</b>	San Diego Superior Court rules EIR was adequate
<b>December 13, 2011</b>	California Court of Appeal affirms ruling in part, reverses in part, and directs Superior Court to order Board of Trustees to void certification of EIR
<b>August 3, 2015</b>	California Supreme Court affirms Court of Appeals decision
<b>November 30, 2015</b>	California Supreme Court issues Peremptory Writ of Mandate
<b>January 2016</b>	CSU Board of Trustees vacates approval of 2007 Master Plan and findings; decertifies EIR with respect to three issues cited in Writ



**3. Please specify the types of fees the SoccerCity initiative requires Goal San Diego and its partners pay to the City of San Diego?**

The SoccerCity initiative requires payment of development & building permit fees as well as impact fees, outlined in the following sections:

**61.2803(c)(12)** *Any Lease shall require the payment of development and building permit fees in compliance with the Specific Plan.*

**61.2803(k)(2)** *Any Lease shall provide that the Qualified Lessee agrees to pay reasonable attorneys' fees, costs, charges, and other expenses which the City may incur in negotiating, settling, defending, and otherwise protecting the City from and against such claims.*

**61.2803(l)(1)** *Any Lease shall provide that the Qualified Lessee pay for its own costs and fees associated with the exercise of its option to purchase all or any portion of the Property, including, but not limited to, appraisal, escrow, and any other processing fees or expenses. City is to incur no closing expenses in connection with such purchase.*

**Specific Plan Ch. 1.6**

*The Development within the River Park and Mixed Use Site shall also provide funding for regional infrastructure improvements through payment of DIF fees consistent with the applicable public facilities financing requirements.*

**Specific Plan Ch. 8.12**

*The Housing Impact Fees ("HIF") on Commercial Development shall be paid at building permit application and consistent with the fee schedule in the San Diego Municipal Code.*

*Projects within the River Park and Mixed Use Site shall be required to pay Development Impact ("DIF") Fees consistent with City requirements for Mission Valley.*

The SoccerCity plan involves building required affordable housing and population based parks on site rather than paying in lieu fees.

These requirements in the SoccerCity initiative and specific plan are in sharp contrast to what is required in the SDSU West initiative, which authorizes the sale of the property to the state, thus removing it from local regulations. Section 1.3.1 of the CSU Procedure Guide for Capital Projects (link below) states that:

*"The University is not subject to local jurisdictions' planning/building codes, nor is it required to obtain building permits from local jurisdictions for construction on real estate owned or controlled by the University."*

[http://www.calstate.edu/cpdc/ae/pro-serv-agree/documents/procedure\\_guide.pdf](http://www.calstate.edu/cpdc/ae/pro-serv-agree/documents/procedure_guide.pdf)

Section 11 of the City Attorney analysis of the SDSU West Initiative confirmed that despite the addition of language to the Municipal Code about impact fees, once the property is sold, it would no longer be governed by the City's development regulations, and the Municipal Code language would not be applicable.



Given the CSU procedure guide and confirmation from the City Attorney analysis that impact fees would not be required, SDSU would likely not be allowed to pay these fees to the City, as they would be an improper gift of public resources. During the previous SDSU Master Plan update, the City was able to successfully sue the university under CEQA to force the payment of traffic mitigation payments, but would not be able to do the same for municipal fees since these are not an environmental impact under CEQA.

**4. Should Goal San Diego reach an agreement with SDSU to utilize portions of the site for university expansion, would any elements of the SoccerCity plan limit or disallow student/faculty usage of this property once an agreement has been reached? Is there any language in the SoccerCity plan that specifies how SDSU could acquire land from Goal San Diego and whether this land would be bought or leased by the university?**

SDSU student and faculty usage are allowed in the plan and would be welcomed by SoccerCity via either lease or acquisition. The University's recently approved Campus Master Plan Update has provided for growth for the next 11,000 students and 15-20 year time horizon, but we remain ready to help SDSU following that growth or if its timeline changes.

Responses submitted by an external party and not endorsed by SDUTA