

RESOLUTION NUMBER R- 314340DATE OF FINAL PASSAGE SEP 21 2022

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING THE MAYOR OR DESIGNEE
TO NEGOTIATE AND ENTER INTO AN EXCLUSIVE
NEGOTIATION AGREEMENT WITH MIDWAY RISING FOR
THE POTENTIAL FUTURE LEASING AND
REDEVELOPMENT OF THE CITY-OWNED SITE ON SPORTS
ARENA BOULEVARD IN THE MIDWAY AREA.

WHEREAS, the City of San Diego (City) owns several parcels of real property located at
3500, 3250, 3220, and 3240 Sports Arena Boulevard in the "Midway" area of the City, which
collectively consist of approximately 48.5 acres (Property); and

WHEREAS, the Council of the City of San Diego (City Council) adopted
Resolution R-313718, effective September 23, 2021, declaring the Property surplus land under
the California Surplus Land Act (SLA), California Government Code sections 54220-54234; and

WHEREAS, in Resolution R-313718, the City Council approved placing a condition on
the City's leasing of the Property that future development of the Property include renovation or
replacement of the City's current sports arena on the Property as a regional entertainment venue
and operation of that venue for concerts, sports, and other events, consistent with similar arenas
in large cities in the United States; and

WHEREAS, the California Department of Housing and Community Development (HCD)
approved the form of the City's notice of availability of the Property for lease (NOA), including
the development condition about the sports arena facility; and

WHEREAS, on October 4, 2021, the City issued the NOA in compliance with the SLA;
and

WHEREAS, the City also posted the NOA on its Department of Real Estate and Airport
Management website; and

WHEREAS, in compliance with the SLA, the City provided 60 days for submittal of responses to the NOA; and

WHEREAS, on December 3, 2021, the City received five responsive submittals to the NOA from the following teams: (a) Discover Midway; (b) HomeTown SD; (c) Midway Rising; (d) Midway Village +; and (e) Neighborhood Next; and

WHEREAS, the City then entered into preliminary negotiations with each of the five responsive teams; and

WHEREAS, the SLA and related guidelines promulgated by HCD require the City to give priority consideration, among competing responses, to the response that will produce the most qualifying low-income housing units (i.e., units affordable to individuals or households earning 80 percent or less of the area median income in San Diego County); and

WHEREAS, in Resolution R-314119, effective May 31, 2022, the City Council expressed its preference that the City proceed with due diligence and economic analysis on only the responses from Hometown SD, Midway Rising, and Midway Village + to achieve both efficient use of City resources and consistency with the priority consideration requirements in the SLA and related guidelines; and

WHEREAS, the City conducted due diligence and economic analysis on the responses from Hometown SD, Midway Rising, and Midway Village +, including issuing a request for information to obtain more detailed information about each response and visiting completed or in-progress affordable housing and arena projects undertaken by members of each team; and

WHEREAS, among the competing responses, Midway Rising's response proposes the highest number of low-income housing units; and

WHEREAS, HCD concurs with the City giving priority consideration to Midway Rising as the team proposing the highest number of low-income housing units; and

WHEREAS, Midway Rising's response also satisfies the development condition in the NOA by proposing replacement of the current sports arena on the Property as a regional entertainment venue and operation of that venue for concerts, sports, and other events; and

WHEREAS, City staff recommends that the City select Midway Rising to negotiate exclusively with the City for the potential future leasing and redevelopment of the Property; and

WHEREAS, City staff further recommends that the City enter into an exclusive negotiation agreement with Midway Rising containing, at least, the following terms (collectively, Key ENA Terms): (1) a two year negotiation period, with two 1-year extension options in the City's sole and absolute discretion; (2) a schedule of performance for Midway Rising's completion of key development milestones, including completion of physical due diligence, preparation of an updated financial proforma and financing plan, preparation of an updated and comprehensive financial feasibility analysis, preparation of a project description and architectural program sufficient to commence environmental review under applicable environmental statutes, completion of environmental review under applicable environmental statutes, and preparation of a community engagement plan; (3) either the City or Midway Rising will have the right to terminate the agreement, in their respective sole and absolute discretion, if at any time either of them determines that the project is not physically or financially feasible or decides for any reason or no reason that it no longer desires to proceed with negotiations; and (4) the City and Midway Rising will each be responsible for their own costs incurred in connection with the negotiations and other activities undertaken under the agreement; and

WHEREAS, the purpose of the exclusive negotiation agreement will be to establish a framework for negotiation of the ultimate terms of the transactional documents for redevelopment of the Property, which are anticipated to include a master development agreement and a master ground lease; and

WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by City staff (including information provided by affected third parties and verified by City staff), with the understanding that this information is complete, true, and accurate; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that:

1. The Mayor or designee is authorized to negotiate and enter into an exclusive negotiation agreement on behalf of the City with Midway Rising for the potential future leasing and redevelopment of the Property containing, at least, the Key ENA Terms.
2. The City Council requests that City staff, at a minimum, provide the City Council with quarterly informational updates to include progress made to date, completion of milestones, anticipated next steps, and to receive additional input.
3. The City Council further requests that City staff permit representatives of the Office of the Independent Budget Analyst to be present for negotiation discussions and to have full access to documents and other related materials provided to City staff by Midway Rising.

APPROVED: MARA W. ELLIOTT, City Attorney

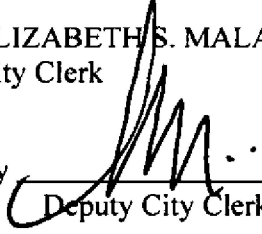
By /s/ Delmar G. Williams
Delmar G. Williams
Deputy City Attorney

DGW:cc
09/08/2022
09/13/2022 REV.
Or. Dept.: DREAM
Doc. No. 3081871_3

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of SEP 13 2022.

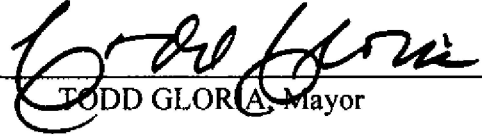
ELIZABETH S. MALAND
City Clerk

By


Deputy City Clerk

Approved:

9/24/22
(date)


TODD GLORIA, Mayor

Vetoed:

(date)

TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on SEP 13 2022, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☒	☐	☐	☐
Jennifer Campbell	☒	☐	☐	☐
Stephen Whitburn	☒	☐	☐	☐
Monica Montgomery Steppe	☒	☐	☐	☐
Marni von Wilpert	☒	☐	☐	☐
Chris Cate	☒	☐	☐	☐
Raul A. Campillo	☐	☒	☐	☐
Vivian Moreno	☐	☐	☒	☐
Sean Elo-Rivera	☒	☐	☐	☐

Date of final passage SEP 21 2022.

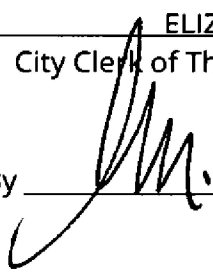
(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 314340