The City of San Diego

Staff Report

DATE ISSUED:	October 16, 2026	
TO:	City Council	
FROM:	Department of Finance	
subject:	Intention to form an Enhanced Infrastructure Financing District for the Redevelopment of the San Diego Sports Arena Site and Related Actions	
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Council District(s):	2	

OVERVIEW:

On September 13, 2022, the City Council selected Midway Rising (Developer) as the successful respondent to the Midway Notice of Availability and authorized staff to negotiate and enter an Exclusive Negotiating Agreement for the redevelopment of an approximately 49.2-acre city-owned site in the Midway District of Council District 2. Included in Developer's initial proposal and since, the formation of an Enhanced Infrastructure Financing District (EIFD) to provide supplemental financing for the project, has been an integral component of the financing plan.

On March 11, 2024, City Council approved a resolution supporting the exploration of an Enhanced Infrastructure Financing District (EIFD), or similar alternative funding mechanism to assist with redeveloping the San Diego's Sports Arena site. Since the last update to City Council in September 2025, the City and Midway Rising have continued to move forward with negotiations, as well as evaluation of the feasibility of an EIFD. City staff, including the Economic Development Department and Department of Finance, propose to move forward with the Resolution of Intent, which is the first step towards the formation of an EIFD to provide funding for the Midway Rising redevelopment project (Project).

Please note, this is a companion item to the Request for Approval of the Disposition and Development Agreement between the City of San Diego and Midway Rising LLC.

PROPOSED ACTIONS:

Approval of a resolution of intent to form the proposed Midway Rising Enhanced Infrastructure Financing District (Midway Rising EIFD).

Approval of a resolution establishing the Midway Rising EIFD Public Financing Authority (PFA) as the governing body of the proposed Midway Rising EIFD.

DISCUSSION OF ITEM:

I. BACKGROUND

EIFDs are governed by California Government Code, Chapter 2.99 (§§ 53398.50 – 53398.88), which was established to succeed the former Redevelopment Agency financing mechanism. An EIFD is a governmental entity that is separate and distinct from the city or county that creates it and is governed by a Public Financing Authority (PFA).

EIFDs enable local government agencies to finance public capital facilities and other specified projects of communitywide significance, primarily through the capture of property tax increment (TI) revenues generated within the district. Each EIFD may remain in existence for up to 45 years from the date of approval of its first bond issuance (or other type of debt).

The primary source of revenue available to an EIFD is TI. Generally, public improvements financed through an EIFD are intended to stimulate future development and enhance property values within the district, thereby generating property tax revenues above the established base-year assessed valuation (based on the most recent equalized tax roll prior to district formation). These incremental revenues may then be leveraged to finance additional eligible improvements, reimbursements and ongoing capital maintenance of EIFD-funded improvements, through bond issuances or on a pay-go basis.

Currently, cities within the County of San Diego receive a share of the 1% property tax levy, with variations across specific Tax Rate Areas (TRAs). Within the proposed Midway Rising EIFD boundaries, the City's share of property tax is 17.07% and the County's is 15.73%.

EIFDs do not require affected taxing entities to contribute their tax increment revenues; participation is entirely voluntary. Any taxing entity that elects to participate in an EIFD may choose to allocate up to 100% of its share of tax increment to the district. Pursuant to EIFD law, school districts are prohibited from participating. As currently envisioned, and subject to future actions by both the City Council and the County Board of Supervisors, the proposed Midway Rising EIFD would receive 100% of City and County TI revenue to help fund eligible infrastructure improvements needed to support site redevelopment.

II. RESOLUTION OF INTENT (ROI) REQUIREMENTS

In accordance with EIFD law (Section 53398.59) the City Council, acting as the legislative body initiating proceedings to form an EIFD within its boundaries, must pass a Resolution of Intention (ROI) proposing the establishment of the Midway Rising EIFD and describing the following:

1. The boundaries of the proposed Midway Rising EIFD
2. The types of public facilities and development proposed to be financed by the EIFD
3. The need for the EIFD and the goals to be achieved
4. The expected use of tax increment revenues
5. The allocation of local sales and use taxes revenue
6. The time and place of the first public hearing on the proposed EIFD to be conducted by the PFA

1. Proposed Boundaries

The proposed EIFD boundary encompasses an approximately 49.2-acre site located at 3220, 3240, 3250, and 3350 Sports Arena Boulevard; Sports Arena Village, located at 3730–3780 Sports Arena Boulevard and 4015–4065 Hancock Street, encompassing approximately 17.6 acres; and parcels along Kurtz Street at 3467–3479, 3481, 3487, 3489, 3491, and 3495 Kurtz Street, encompassing approximately 2.9 acres (Site) all within the City's Midway Pacific Highway Community Plan area which include both city-owned and privately-owned parcels.

The proposed boundary currently includes the existing arena, large parking lots, retail centers, office spaces, and industrial/auto oriented uses. The Community Plan envisions the redeveloped Sports Arena Community Village as a vibrant, pedestrian and transit-oriented entertainment area. The Sports Arena Community Village will incorporate a mix of entertainment, office, retail, residential, public, and park uses. See Attachment 1 – Proposed Midway Rising EIFD Map.

A. Former Redevelopment Project Area

The Midway Rising EIFD is situated entirely within the North Bay Project Area, a former Redevelopment Project Area managed by the City of San Diego as Successor Agency (SA) to the Redevelopment Agency (RDA). As such, outstanding RDA obligations must be paid first and are deducted from incremental property tax revenues before flowing to the Midway EIFD. Existing RDA bonds with a pledge of North Bay Project Area revenues mature in 2040 and all other SA obligations are projected to terminate in 2045.

2. Midway Rising EIFD Projects

The table below outlines the anticipated types of eligible capital projects and on-going maintenance to be financed by the district. The current financing plan is designed to fund public infrastructure and Site development. Eligible maintenance costs of the EIFD include costs related to the general maintenance of the assets funded by the EIFD, not including operational costs.

The infrastructure and Site development costs will be initially funded by the Developer and later reimbursed from future TI and bond proceeds. The majority of these costs are associated with the construction of affordable housing, the new arena, parking structures and open space/parks components of the Project.

All costs cited below are as of 2026 and subject to change due to inflation, scope adjustments, and do not include bond interest and costs of issuance or capital carrying costs incurred by the developer.

Anticipated Eligible EIFD Projects	**Capital Expenses**
On-Site Mobility Imprv. (Linear Park Sports Arena, Linear Park Kurtz, & Internal Streets)	$29.7 M
Off-Site Mobility Imprv. (Traffic Signals, Street Imprv Bridge and Intersection Imprv.)	$24.4 M
Parks & Open Space Imprv. (Public Parks & Associated Imprv., Community Areas and Specialties)	$34.9 M
Other Horizontal Infrastructure (Sitework, Demolitions, Excavations, Grading, Utilities On-Site & Off-Site)	$83.8 M
Parking Infrastructure (Soft Costs, A&E, Permits, Fees, Insurance, Hard Costs)	$178.1 M
Other Infrastructure Costs (Predevelopment & Entitlement Costs, Soft Costs, Horizontal Infrastructure, A&E, Permits)	$19.1 M
TOTAL	**$370.0 M**
Ongoing Eligible Maintenance Costs of Parks & Open Space (estimated to be $1-2 million annually)	$92.0 M
COMBINED TOTAL	**$462.0 M**

3. Goals of the Proposed EIFD

The Midway Rising EIFD will provide financing to support completion of the Project, which is expected to deliver benefits of communitywide significance extending beyond the boundaries of the District. The Project will address the ongoing housing crisis experienced by the State, County, and City. The number of affordable residential dwelling units to be provided far exceeds the standard development requirements set forth in San Diego Municipal Code (Municipal Code) section 142.1304 Inclusionary Affordable Housing Requirements and the affordable housing requirements for Affordable Housing Regulations density bonus eligibility in Municipal Code section 143.0720 Density Bonus in Exchange for Affordable Housing Units, as well as the statutory Surplus Land Act's 25% affordable housing requirement. The entertainment center will allow for a broad range of sporting, cultural, and civic events and will be designed to modern standards to enhance the patron experience and attract patrons throughout the region. The Project also provides enhanced parks, public space, and mobility infrastructure representing an investment that exceeds the otherwise applicable required amount under the City's Public Facility Regulations.

4. *Projected Tax Increment Revenues*

In 2025, the City hired Keyser Marsten & Associates (KMA) via competitive procurement process to analyze the Project phasing and impacts on district assessed values to create projections of TI revenue streams and bonding capacity and to assist with the development of the Infrastructure Financing Plan (IFP) of the district. The projections currently assume both the City and County will contribute 100% of their property tax increment shares (not including property tax in-lieu of Vehicle License Fees) for the maximum life of the district (45 years from approval of the first bond (debt) issuance). The current financing plan assumes TI and EIFD bond proceeds as the only funding source available to the Midway Rising EIFD.

From time to time, bonds are expected to be issued by the district to leverage TI revenue streams when sufficient to support a meaningful bond size. TI revenues are expected to begin several years after construction begins in approximately 2033.

The table below summarizes the total projected TI revenue analysis, completed by KMA, as of October 2026.

Base Year	FY 2028			
EIFD Termination	FY 2081			
Percentage of Anticipated TI Commitment by City & County	100%			
	10 Year Total	**20 Year Total**	**Total Life of District (Future Value)**	**Total Life of District (Present Value) (1)**
Assumed City TI Contribution	$4.4 M	$42.8 M	$605.2 M	$76.9 M
Assumed County TI Contribution	$4.1 M	$39.4 M	$557.8 M	$70.9 M
Combined City and County Contribution	$8.5 M	$82.2 M	$1.2 B	$147.8 M
(1) Present Value based on discount rate of 6%.				
First Bond Issuance (Estimated)	FY 2038			

Total Net Bond Proceeds (Future Value) (2)	$156.9 M
(2) Net Bond Proceeds are net of anticipated costs of issuance and debt service reserve funds.	

5. Allocation of Local Sales and Use Taxes Revenue

Pursuant to 53398.59 (e) (1)-(2)(A)(B), local governments may supplement property tax increment with revenue from local sales and use taxes to fund district activities. However, because property tax increment is the primary funding source, using sales tax requires specific legislative approval and must meet strict conditions. Currently, there is no contemplation of using these tax revenues to fund the EIFD projects.

6. First Public Hearing - Midway Rising EIFD Infrastructure Financing Plan (IFP)

The first public hearing to hear public comment on the IFP will take place on August 27, 2027.

III. PUBLIC FINANCING AUTHORITY

In addition to the ROI requirements described above the City must vote to approve creation of the Midway Rising EIFD PFA, the governing body of the district. The make-up of the PFA must include a majority of elected officials representing the affected taxing entities and members of the public. Therefore, staff is proposing the Midway Rising EIFD PFA is composed of two members of the San Diego City Council, two members of the San Diego County Board of Supervisors and three members of the public.

1. Public Member Criteria and Direction to Notice Vacancies

The City Council will need to establish the application criteria for public members to be appointed to the PFA and direct the City Clerk to notice the public member vacancies. It is anticipated that the proposed criteria may include that public members possess knowledge, experience, or an educational background in development, finance, and/or demonstrate a stakeholder interest in the Council District 2, such as residency, property ownership, and/or ownership of a business that owns or leases property within Council District 2.

IV. NEXT STEPS

Per EIFD law, City Staff are required to mail the adopted ROI to all landowners and the County, as affected taxing entity.

After approval of the ROI and formation of the PFA by City Council, it is expected the County Board of Supervisors will take similar actions approving the County's participation in the proposed Midway Rising EIFD. Subsequent to County approval of its intent to join the Midway EIFD, staff will bring action items forward to fill the vacant PFA board seats.

Staff from City and County, with assistance from KMA, will assist in the development of the IFP and Reimbursement Agreement (aka Acquisition Agreement) both of which will be required to be approved by the City Council and County Board of Supervisors before EIFD formation can be completed.

Formation of the Midway Rising EIFD is currently anticipated to be completed within approximately one year. Fiscal Year 2028 will serve as the district's base year, provided the district is formed no later than June 2028.

City of San Diego Strategic Plan:

Create Homes for All of Us: San Diegans benefit from a diversity of different housing types, with homes that are affordable to everyone in all communities.

Protect and Enrich Every Neighborhood: San Diegans in all communities are connected to neighborhood assets that anchor community life, foster interaction, and promote well-being.

Advancing Mobility and Infrastructure: San Diegans travel on high-quality infrastructure that creates safe and comfortable spaces for people to walk, roll, ride, or drive.
Champion Sustainability: The City of San Diego provides a built environment that best sustains our natural environment and public health.
Foster Regional Prosperity: San Diego residents and businesses are supported by a strong local economy, with well-paying jobs, economic activity, and opportunities in every community.

Fiscal Considerations:
There are no significant financial impacts associated with approving this item's actions. This action represents the first formal step in the process of establishing an EIFD with several steps remaining to complete the process. One such step is formation of the PFA, filling its vacancies, establishing policies and procedures before the first public hearing on the IFP can take place. Furthermore, an EIFD, once formed, redirects future tax increment generated from increases in assessed property values within the district that would otherwise accrue to the General Fund. The IFP will include significant detail on the projected revenues, bonding capacity, projects to be funded, project costs and also must include a fiscal impact analysis which will estimate the net revenue/(costs) to both the City and County created by formation of the EIFD and the Midway Rising redevelopment project. The Midway Rising EIFD does not increase any existing taxes or impose any new taxes, and no taxing agencies other than the City and County are expected to allocate tax revenues to the Midway Rising EIFD.

Charter Section 225 Disclosure of Business Interests:
N/A

Environmental Impact:
This activity is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(5), as it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment. Therefore, it is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).

Climate Action Plan Implementation:
There is no connection to the CAP for this action.

Equal Opportunity Contracting Information (if applicable):
N/A

Previous Council and/or Committee Actions:
Approve exploration of an Enhanced Infrastructure Financing District or similar alternative funding mechanism for the redevelopment: City Council – March 11, 2024

Selection of Midway Rising and Authorization to negotiate and enter into an Exclusive Negotiating Agreement with Midway Rising: City Council - September 13, 2022, Land Use & Housing – September 8, 2022

Shortlist to Hometown SD, Midway Rising, Midway Village +: City Council – May 23, 2022, Land Use and Housing – April 21, 2022

Declaration of Surplus Property and Development Condition: City Council – September 21, 2021 and August 3, 2021, Land Use and Housing – July 23, 2021

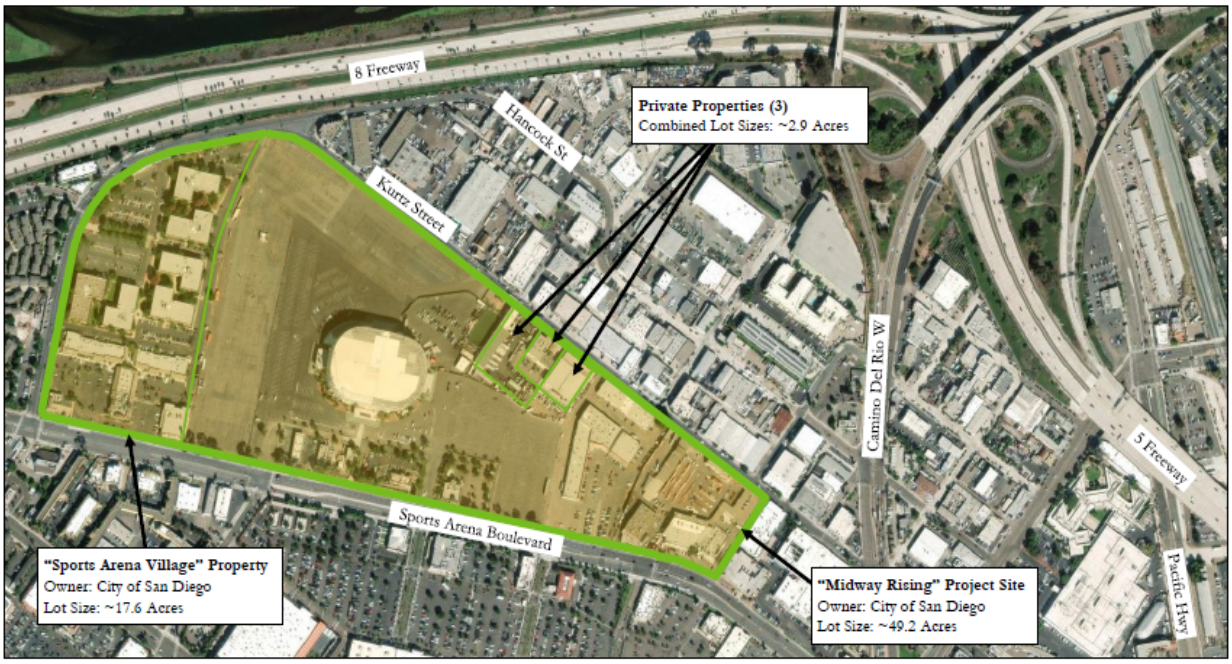
Quarterly Updates to City Council – December 12, 2022; March 07, 2023; June 20, 2023; October 2, 2023; January 21, 2024, March 2024, June 24, 2024, September 24, 2024; January 7, 2025

Planning Commission Action:
N/A

Key Stakeholders and Community Outreach Efforts:
N/A

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Department of Finance Director	Chief Financial Officer

Attachment 1: Proposed Midway Rising EIFD Map


8 Freeway
Hancock St
Kurtz Street
Private Properties (3)
Combined Lot Sizes: ~2.9 Acres
Camino Del Rio W
5 Freeway
Pacific Hwy
Sports Arena Boulevard
"Sports Arena Village" Property
Owner: City of San Diego
Lot Size: ~17.6 Acres
"Midway Rising" Project Site
Owner: City of San Diego
Lot Size: ~49.2 Acres
Midway Rising EIFD Proposed Boundaries