



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: September 18, 2020

TO: Honorable Mayor Kevin L. Faulconer

FROM: Erik Caldwell, Deputy Chief Operating Officer, Smart and Sustainable Communities

SUBJECT: Recommendation to Enter into an Exclusive Negotiation Agreement with the Padres Development Team for the East Village Quarter (Tailgate Park)

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It is with great pleasure to announce the successful proposer for the East Village Quarter Request for Proposal (RFP), also known as the Tailgate Park (RFP). The Evaluation Committee conducted a comprehensive and rigorous evaluation and selected Tailgate Development, LLC as the successful respondent. Tailgate Development LLC is comprised of entities including Padres Next Fifty, Tishman Speyer, and Ascendant Capital Partners.

The Evaluation Committee unanimously selected Tailgate Development as the most highly qualified developer who submitted a proposal that meets or exceeds the RFP's goals and objectives and meets the requirements outlined in the Amended and Restated Long-Range Property Management Plan (LRPMP) and State re-development dissolution laws. The Evaluation Committee's recommendation is predicated on negotiation of a fee simple sale of the site rather than a ground lease to maximize the City's financial benefits.

The Developer's team includes local, national, and global experience in highly complex, mixed-use urban development and property management. Local architect Carrier Johnson + Culture and nationally experienced Kristen Bell City Design, will provide project architecture design, and urban planning for the team. The proposed development comprises of a mix of public open space, park and plaza event spaces, creative office spaces, affordable and market-rate residences, retail shops, and restaurants. It seeks to establish a pedestrian-oriented, vibrant development with continuous energy.

The proposed project includes 612 market-rate and affordable housing units, 236,000 square feet of open space, 1,350,000 square feet of office space, 1,600 parking garage spaces, 24,000 square feet public urban parks, 41,000 square feet of central open space plaza, 50,000 square feet of retail and local artisan spaces, and a 43,000 square feet active recreation rooftop field on the parking garage. The proposed project also satisfies the City's parking obligation of the Lease with the Padres.

The City contracted with Civic San Diego and Jones Lang Lasalle (JLL) to advise the Evaluation Committee and facilitate the competitive solicitation process. JLL and Civic San Diego performed a complete review of responsive proposals to support the City Evaluation Committee that focused on:

1. General development economics and feasibility, which primarily included vetting of key assumptions from the respective development financial models;
2. Known capabilities of the proposed development teams; and
3. Key risks associated with the proposals and proposed development. JLL provided a summary presentation of the proposals received, quantitative and qualitative analysis to support the City's selection committee meetings, and its evaluation process.

The solicitation process included various components to ensure proposers, as well as the Evaluation Committee, were well informed and fully understood the objectives of the RFP and detailed information incorporated into the proposer's submissions. The following is a timeline of key milestones:

- December 2019: RFQ Issued
- April 2019: RFP Issued
- June 2020: RFP Responses Received
- August 2020: Public Virtual Open House
- August 2020: Interviews Conducted with Proposers
- September 2020: Evaluation Committee Scores Responses

From August 26 – September 4, 2020, the City held a virtual open house to publicly share the two development proposals and gain public priorities and feedback. The open house website received over 12,000 views, and 1,156 completed questionnaires that identified participant priorities for the Property and the most desired aspects of each proposal. The participant's highest priorities included community open space and amenities, retail, parking to support development, events, and active pedestrian and public space, with office and residential uses receiving lower priority.

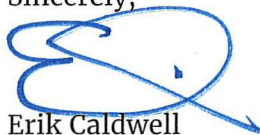
The Evaluation Committee consisted of Erik Caldwell (Deputy Chief Operating Officer), Kristina Peralta (Interim Deputy Chief Operating Officer), Matt Vespi (Director, Department of Finance), and Angela Wells (Special Projects Director). Brad Richter (Deputy Director, Urban Division), Civic San Diego, and Jones Lang Lasalle (JLL) served as technical advisors to the Evaluation Committee.

Moving forward, the City will docket approval of an Exclusive Negotiating Agreement (ENA) with Tailgate Development for City Council consideration. If approved, the proposed ENA will contain the City's standard essential terms for both parties to negotiate in good faith toward a Disposition and Development Agreement (DDA) which will set the actual terms for the sales, acquisition and development of the Property. The negotiation period is 180 days, with an optional 90-day extension. Negotiations will involve project financial feasibility analysis, land valuation, and seek to maximize the purchase price and other returns for the City.

The City does not intend to provide any direct financial assistance to the Developer for any project costs for planning, due diligence, or development of the Property. Negotiations will be based upon the Developer's RFP response as well as the required community outreach, and will determine the final details of the project uses, the disposition of property, purchase prices, and schedule of performance. The resulting DDA will be returned to the City Council for approval in 2021.

Attached, the Selection letter that will be sent to Tailgate Development. We are excited about the opportunity to commence with the negotiations and appreciate your ongoing support and shared excitement.

Sincerely,



Erik Caldwell  
Deputy Chief Operating Officer, Smart and Sustainable Communities

Attachments: 1. Notice of Intent Letter  
2. Evaluation Committee Scoring Overview  
3. Summary of Public Open House

cc: Aimee Faucett, Chief of Staff, Office of the Mayor  
Kris Michell, Chief Operating Officer  
Jeff Sturak, Assistant Chief Operating Officer  
Rolando Charvel, Chief Financial Officer  
Kristina Peralta, Interim Deputy Chief Operating Officer, Neighborhood Services  
Almis Udrys, Deputy Chief of Staff, Office of the Mayor  
Matt Vespi, Director, Department of Finance  
Christina Bibler, Director, Economic Development Department  
Angel Wells, Special Projects Manager, Office of the Chief Operating Officer  
Andrew Phillips, President, Civic San Diego  
Sherry Brooks, Senior Project Manager, Civic San Diego