



City of San Diego

MEMORANDUM

DATE: February 24, 2015

TO: Honorable Mayor Kevin Faulconer
Honorable Councilmembers

FROM: Councilmember David Alvarez
Councilmember Todd Gloria

SUBJECT: Chargers Stadium Discussion

As disappointing as the news last week about the Chargers stadium proposal in Carson was, it was not entirely unexpected. To date, the City has failed to advance a proposal for a stadium in San Diego. As part of our ongoing effort to help develop reasonable means to keep the Chargers in San Diego, we offer several threshold issues below that are critical to a legitimate proposal. They will be examined by the Budget and Government Efficiency Committee starting at its public meeting on March 18, 2015.

We are ready and willing to work with you, the Chargers, and all stakeholders to develop a stadium plan that makes sense for everyone, and are pleased to see the expedited schedule for the Mayor's task force. With the Committee working on these issues concurrently, the City will be best positioned to meet the accelerated timeline sought by the Chargers for real progress.

1. The City Council will need clarity on the funding sources the Mayor is willing to consider to construct a new stadium. As a single example, transit occupancy tax increment from construction of new hotel rooms has been discussed as a possible part of a stadium financing plan. City staff should estimate the bonding capacity the City can achieve from new hotel room construction as part of a new stadium project.

Further, we understand that the County may be willing to participate in financing a stadium through revenue bonds. We should determine the extent of the County's potential contribution and engage other local jurisdictions in similar conversations.

The extent of the Chargers investment in any potential stadium must also be answered. Along with a direct contribution from the team, the Chargers have claimed that only a limited market for Personal Seat Licenses (PSL) exists in San Diego, and this limits on the team's ability to financially contribute to a stadium in San Diego. If the Chargers considered a campaign to sell seat licenses to San Diego fans contingent upon the approval of a stadium project in San Diego, we could better resolve this issue.

While the Chargers, and others, have stated that the National Football League (NFL) might be willing to provide funding for a new stadium project, we have received no confirmation. We need some clarity from the Chargers or directly from the NFL on their best estimate of the extent of NFL funding available for a new San Diego stadium.

2. The cost of relocating and remediating the Metropolitan Transit System's Bus Maintenance Facility currently located at 100 16th Street must be identified. The City needs to involve other regional leaders and MTS in resolving this issue in the most cost-effective way possible. We should obtain third-party evaluations of the statements in the February 20, 2015 letter from MTS on this issue (see attached).
3. The Convention Center expansion must be resolved. The uncertainty surrounding the Convention Center expansion is a barrier to developing a realistic stadium plan. The existing contiguous Convention Center expansion plan is subject to a minimum of three years of future litigation in addition to the financing plan being recently ruled unconstitutional. A non-contiguous Convention Center expansion has not previously been acceptable to convention planners, and hoteliers have been unwilling to help fund such a project. If the City is unwilling to pursue a non-contiguous Convention Center expansion because of objections of the hospitality industry, then a Downtown stadium is seemingly not possible. If other funding options exist or can be developed to change this scenario, we would welcome that analysis.
4. Realistic costs of constructing a replacement stadium in Mission Valley must be calculated. The Chargers have publicly stated, despite suggestions by others to the contrary, that there is no feasible way to rehabilitate Qualcomm Stadium. The overall redevelopment of the current site with a new stadium could also be considered. Previous plans are outdated making updated analysis and estimates necessary for thorough consideration. Similarly, should the stadium be located off the Mission Valley site, new revenues from potential development and avoiding current costs could be funding sources.

Because the City Council will have to consider any deal brought forward by the Mayor, as will the voters, it is critical to answer these questions now. Resolving these threshold issues will tell us whether a new stadium could be located in the two areas under consideration, the likely cost of the proposed project, and the type of financing available to pay for it.

cc: Honorable Jan Goldsmith, City Attorney
Andrea Tevlin, IBA
Scott Chadwick, COO
Stacey LoMedico, ACOO



Metropolitan Transit System

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Via Email

February 20, 2015

Mr. Adam Day
Chairman
Citizens Stadium Advisory Group

Re: Chargers Stadium Location and MTS Bus Maintenance Facility (Imperial Avenue Division) located at 100 16th Street, San Diego, CA 92101

Dear Mr. Day:

As the City of San Diego, the Chargers and other parties move forward with consideration of the best location for a new Chargers Stadium project, the San Diego Metropolitan Transit System (MTS) would like to provide your task force with a brief update on the issues and constraints surrounding one potential site that has frequently been identified in news reports: the MTS-owned Imperial Avenue Division (IAD) bus yard located at 100 16th Street in the East Village, Downtown San Diego.

Description of IAD Bus Yard

The IAD property is approximately 7.75 acres and is the hub of MTS's main bus operations. This site is operational 24 hours per day and houses administrative offices (including management, training facilities, dispatch control center, customer service call centers and employee break rooms), a large Compressed Natural Gas fueling station, 14 bus maintenance bays and maintenance equipment, bus washing facilities, parts storage, parking for 180 buses, and employee parking. IAD is the central dispatch point for over 26 routes in the MTS system. The site includes 2 driveways and is configured for maximum efficiency and circulation of buses. At any time, up to 550 employees are based at the IAD location. The IAD property also hosts MTS's Information Technology server room and computer center. Beginning in August/September 2015, MTS's regional transit management system will be run from the IAD property. Other divisions operated by MTS include South Bay (located in Chula Vista), East County (located in El Cajon), and two in Kearny Mesa. Each division is located to provide the most efficient dispatch for particular routes. Route dispatch from specific divisions is restricted by labor agreements and other constraints.

MTS has been the sole owner of the IAD property since 1985 when operation of the City's bus service was transferred to MTS. MTS is an entirely separate governmental entity with statutory authority and its own powers as such. The IAD property cannot be transferred to the Chargers



or any other entity without the express approval of the MTS Board of Directors. The MTS Board is constrained in its actions with respect to disposal of agency assets by federal and state regulations, including those related to gift of public assets, sale of assets purchased with federal funds, conflict of interest, and environmental and Title VI regulations related to relocation of facilities.

MTS Efforts to Identify Relocation Site

When the IAD site was first identified in the media as a potential stadium site in late 2009, MTS staff began working with Civic San Diego (then Centre City Development Corporation) staff, City staff, and the Mayor's Office to evaluate the feasibility of moving the IAD operations to an alternate site. In 2010, MTS hired a consultant to identify potential relocation sites and prepare potential site plans. Relocation to sites outside of a 5 mile radius from IAD was not considered because it would place the IAD operations too far from the bus routes it is intended to serve. At the time, studies showed that for every additional 5 minutes of travel required for the IAD bus fleet to reach the starting and ending points for each route, MTS would incur approximately \$900,000 per year in additional operating expenses.

One site considered to hold some promise at the time was a City-owned public works site located at 20th and B Street in Golden Hill. That property has several site constraints that are not likely to be overcome, including that a significant portion of the site is within the Balboa Park boundaries. A transfer of this site to MTS or use by MTS would not be allowed without an amendment to the City Charter de-designating the property as part of Balboa Park. The site location, adjacent to a residential neighborhood, also presents constraints because of the 24 hour operations at this type of facility. Finally, specific engineering concerns would require significant costs to make the site suitable for MTS use.

The most feasible relocation site identified was approximately 10 to 12 acres of property adjacent to the MTS rail yard ("Rail Yard Site"). The site is east and north of the current Trolley yard in the vicinity of Newton Avenue and easterly to Sigsbee Street. At the time, one parcel was owned by the City of San Diego and the rest was in private ownership. MTS provided Civic San Diego and City staff with the consultant reports identifying the Rail Yard Site as the most feasible. Despite this information, in 2010 and 2011, Civic San Diego and the City approved the transfer of the 2.2 acre City-owned parcel in the Rail Yard Site to the Monarch School. The Monarch School facility was fully renovated in 2013 and is currently operating as a school serving students impacted by homelessness. Elimination of this parcel renders the Rail Yard Site as conceived in MTS's consultant's study inadequate for a full relocation of the IAD operation.

Moving an operation of IAD's size is not a quick, easy or inexpensive endeavor. If the MTS Board, the Chargers and the City were able to come to an agreement to relocate IAD, the actual vacation of the property at 100 16th Street would take a considerable amount of time, anywhere from 5 to 7 years. The new site would need to be acquired and replacement facilities constructed before the IAD operations could be moved. The replacement facilities are complex

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and specialized. Our consultant has estimated it would cost \$75 - \$100 million to construct a project of this size, exclusive of the site acquisition costs. The land value for the IAD site is estimated at \$50 million. A significant lead time for environmental, design, public bidding and construction would also be necessary. Relocation of a facility such as IAD is governed by myriad state and federal regulations related to environmental impact and environmental justice. Community opposition to the new site could delay the project further.

Transit Service Considerations in Site Selection Process

Another consideration for your task force is the need to move people in and out of a stadium location for special events. The location of Qualcomm Stadium is well-suited for moving people by Trolley, and we transport a third of the gate on our busiest days. We accommodated 32,000 passengers for the 2003 Super Bowl albeit with some difficulty. We have this much demand even though fans have the option of using one of the largest NFL parking lots. Moving that same number of fans into and out of East Village could occur, but would require infrastructure improvements to the Trolley system.

With the discussions in 2009, MTS proactively began to purchase nearby parcels that could be used to expand transit service and accommodate stadium events. However, there is no fixed budget for such activities and such acquisitions have been on an ad-hoc basis when funding is available. Beginning in 2014, MTS has observed that the area around the proposed East Village site is undergoing increased development and sales activity, which will impact the parcels available to accommodate both a relocated IAD site and any infrastructure needed for expanded transit service. A quick decision on locating a stadium in the East Village would allow the City to build easements into new development permits for the remainder of the infrastructure needs. The task force should be aware, however, that MTS services do not have an unlimited ability to increase capacity in the East Village. If full replacement parking in the East Village is not part of the stadium project, further studies will be needed to determine if it is possible to make up the difference on public transit.

We hope that this information will be useful to your task force as it ponders the options available. If we can assist you in any way, please do not hesitate to call me at (619) 557-4583.

Sincerely,



Paul C. Jablonski
Chief Executive Officer

cc: MTS Board of Directors
Mayor Kevin Faulconer

MTS Imperial Avenue Bus Division 100 16th Street

