FISCAL IMPACT STATEMENT FOR CITY MEASURE ON NOVEMBER 6, 2018 BALLOT

PROP E-MISSION VALLEY STADIUM - SOCCER CITY INITIATIVE

This measure requires the City to execute a 99-year lease with a qualified lessee for the SDCCU Stadium site and Murphy Canyon Training Facility (properties) upon Mayoral approval if certain conditions are met. The measure also adopts a Specific Plan allowing for prescribed development of the properties. The lessee would be expected to demolish SDCCU Stadium and build an 18,000 to 32,000 seat sports stadium, and be allowed to develop 21 acres of parks and recreation fields, 2.4 million square feet of office space, 740,000 square feet of retail space, 4,800 multi-family residential units, and 450 hotel rooms. The lessee would be required to provide up to $20 million for a 34-acre river park, to build the park if permitting and approvals are complete within 18 months of the measure's adoption, and to maintain that park.

This measure has direct and indirect fiscal impacts. However, those impacts cannot be precisely quantified as the measure requires future negotiations, and development of the properties is subject to many external factors.

Direct fiscal impacts include the payment a lessee would make for a leasehold interest in the properties. This payment would be based on fair market value as of March 2017, but could be adjusted to account for stadium demolition costs, environmental requirements, and other factors. In June 2017, the properties' appraised value was identified as $110 million. Precise payments are subject to future negotiation and currently unknown, but total payment cannot fall below $10,000. The lessee could also purchase up to 79.9 acres of the properties at fair market value. A portion of revenue would go to the City's Public Utilities Department, which owns a portion of the properties.

Other potential direct impacts include City staff time and resources to permit and approve developments, remediate environmental contamination, and to build the river park if the lessee is required to only contribute $20 million but not actually build the park. Additional infrastructure upgrades may also be required surrounding the properties' developments.

Indirect fiscal impacts include expenses and revenues from new economic activity associated with development of the properties. Research commissioned by Initiative proponents suggests full development of the properties could increase the properties' assessed value by $3.6 billion, which could increase the City's property tax receipts. Upon completion of full development, City expenditures to provide service to the properties could total $10 million annually. Increased City tax and fee revenue from full development could total $14 million annually. Full development, however, is not mandatory, would take several years, and would depend on many factors outside the City's control. Initiative proponents believe full development would take seven years, though actual construction could take longer. Delays in construction and occupancy of the properties could reduce City revenues and expenses.

Approval of this measure precludes the City from using the property for other purposes, soliciting proposals to redevelop the property, or otherwise marketing the property for sale or lease. There could also be an unquantifiable fiscal impact if a qualified lessee is not found.