



San Diego State University  
5500 Campanile Drive  
San Diego, CA 92182-8000  
Tel: 619 594 · 5201  
Fax: 619 594 · 8894

---

THE PRESIDENT

October 28, 2019

Mayor Kevin Faulconer  
City of San Diego  
202 C Street  
11<sup>th</sup> Floor  
San Diego, CA 92101

**Subject: Proposed Sale of the Mission Valley Stadium Property**

*(Please note an earlier version of this letter had a clerical error, which has been fixed in this updated version.)*

Dear Mayor Faulconer,

San Diego State University (“SDSU”) wants to thank you and your staff for a tremendous amount of work since the passage of Measure G. SDSU has listened to the comments of the City Council and greatly values the input of our City leaders. SDSU believes a great opportunity awaits the citizens of San Diego with the transformation of the Mission Valley stadium site into a vibrant campus community. SDSU’s proposed Mission Valley Campus Master Plan project (“Project”) has the opportunity to provide our region with increased educational access, advance our innovation economy and realize a vision that will serve San Diego for generations to come.

It is with these thoughts in mind, that SDSU offers the following revisions to the terms of the “Offer to Purchase Mission Valley Stadium Site” delivered to the City on October 14, 2019.

- **Parties:** The City of San Diego, as seller, and San Diego State University/California State University (“CSU”),<sup>1</sup> as buyer.
- **Property:** Contains 135.12 acres, as generally depicted on the map attached to the Measure G initiative and in the appraisal from David Davis dated October 11, 2019 (“Property”).
- **Purchase Price:** \$86,200,000, plus a time value adjustment on the Public Utilities Department 37% portion of the Property, using a 2.149% annual index factor from 9/30/17 through the actual close of escrow (“Closing Date”) (estimated adjustment of \$1,500,000).
- **Murphy Canyon Creek:** The Murphy Canyon Creek parcel will be included in the sale “as is”, and SDSU will not be required to make any improvements to Murphy Canyon Creek.

---

<sup>1</sup> The Board of Trustees of the California State University, the State of California acting in its higher education capacity, on behalf of San Diego State University.

- Stadium Demolition and Maintenance: Upon the Closing Date, SDSU will assume responsibility for ongoing maintenance, up-keep and demolition of the existing stadium.
- Fenton Parkway Bridge: The Draft Environmental Impact Report (“DEIR”) does not include the Fenton Parkway Bridge (“Bridge”) as a Project component. Nevertheless, SDSU understands the City desires the Bridge as a separate facility, that is part of its long-term traffic circulation plan for the Mission Valley Community Plan area, and the City therefore believes that the Bridge has independent utility without regard to the Project. SDSU does not have detailed information from the City regarding the Bridge. With the cooperation, collaboration and support of SDSU, the City will pursue the Fenton Parkway Bridge as a separate City facility in the future and the Bridge must be and remain a separate City project for CEQA and all other purposes. Subject to the necessary CEQA compliance having been completed by or through the City and all other necessary parties, SDSU will construct a 2-lane, all weather, at grade with the trolley crossing (with turn lane) Bridge and fund its environmental review, design, permitting and construction. SDSU believes the Project’s share of future traffic under the DEIR’s “with bridge” scenario is approximately 25%, and on that basis, SDSU’s allocated contribution for Bridge costs would be approximately 25% of the total costs. SDSU will receive development impact fee credits. SDSU will also be entitled to use the City’s existing capital improvement project funds allocated to the Bridge (approximately \$1.3 million) for Bridge costs. The City will grant SDSU an easement, license and/or other rights necessary for SDSU to construct the Bridge. SDSU agrees it will construct the Bridge before occupancy of more than 65% of planned equivalent dwelling units for the Project. SDSU requests that the City allocate a maximum \$8.5 million of the purchase price proceeds towards construction of the Bridge. This represents the maximum City contribution for the bridge apart from applicable DIF credits.
- Additional Project Improvements: SDSU requests that the City allocate \$1.5 million of the purchase price proceeds in a separate account jointly controlled by the City and SDSU to be held for other related Project improvements.
- Transportation Improvements: In addition to the transportation mitigation responsibilities under the Final Environmental Impact Report (“FEIR”), SDSU will provide \$5,000,000 for additional traffic improvements in coordination with the City.
- River Park: SDSU will design, construct and maintain in perpetuity, the 34-acre River Park, and pay 100% of those costs. The River Park improvements will be completed no later than seven (7) years after the Purchase and Sale Agreement’s (“PSA”) effective date and prior to occupancy of any building on the Property, other than the new stadium.
- Additional 22 Acres of Parks: SDSU will design, construct and maintain at least 22 acres of population-based park facilities, owned by SDSU and available for general community use and enjoyment.
- Future City Recreation Center Site: SDSU will reserve an approximately one-acre site upon which the City may construct and operate a recreation center in the future, as called for in the Mission Valley Community Plan.

- Development Impact Fees: SDSU's non-state private development partners constructing non-SDSU facilities will pay development impact fees ("DIF"), but SDSU and other publicly developed and occupied facilities will be exempt. Because of the timing of construction of the River Park and the additional park improvements, it is anticipated the Project will contain completed parks in excess of the City's requirements and therefore it is anticipated no party constructing any improvements in the Project will be required to pay park DIF fees. SDSU shall be entitled to cash reimbursement or DIF credits for the reimbursable costs expended by SDSU and approved by the City in accordance with the PSA and the Mission Valley Impact Fee Study.
- Affordable Housing: SDSU will provide onsite, 10% of the total number of housing units developed to be set aside as affordable housing units, which may include student housing units. Affordable housing units will be reasonably phased in to coincide with market-rate units.
- Groundwater Management: SDSU will grant appropriate easements to the City, without expense to the City, to install groundwater wells and related facilities within the agreed upon easement location on the Property, and to allow retention of two existing monitoring wells. SDSU will also acknowledge the City's continued retention of its Pueblo water rights.
- Removal of Kinder Morgan Wells: The City will use reasonable efforts to cause Kinder Morgan to timely remove and close all monitoring and extraction wells and related facilities on the Property.
- Environmental Contamination: SDSU will purchase the Property "as is", with all faults. SDSU will defend and indemnify the City against all claims regarding Property's condition and waive all environmental claims against the City. Without incurring any expense or liability, the City will tender written claims to Kinder Morgan for reimbursement of any Property remediation costs arising from Kinder Morgan's environmental contamination.
- Compliance with CEQA: The execution and closing of the PSA is conditioned upon compliance with CEQA, which will include the Board of Trustees of the California State University's certification of the Mission Valley Campus Master Plan FEIR and the City's making of responsible agency findings under the FEIR, among other things. SDSU, by delivering this offer, and the City, by accepting this offer, are not bound or committed to a definite course of action with respect to the PSA or the Project. Consistent with CEQA Guidelines 15004(b)(4), nothing in this offer shall commit or be interpreted to commit SDSU or the City formally or as a practical matter to a definite course of action, to preclude the consideration of feasible mitigation measures and alternatives, or to restrict denial of the PSA or the Project, prior to the certification or approval of said FEIR. The terms proposed in this offer are subject to CEQA compliance through the DEIR and FEIR, and do not constrain meaningful consideration during the CEQA review process of all feasible mitigation measures or alternatives, including the "No Project" alternative required by CEQA.
- Possessory Interest and Other Taxes: SDSU's non-state private development partners constructing improvements in the Project solely for private use and not for the benefit of or in support of SDSU's governmental mission will be required to pay sales tax, possessory interest tax, and/or transit occupancy tax, as required by applicable law. SDSU and other publicly developed property will be exempt from paying property or possessory interest taxes.

- Legal Challenges: SDSU will defend and indemnify the City for all legal challenges with respect to approval of the FEIR, PSA, and Campus Master Plan.
- Sovereignty: Consistent with SDMC section 22.0908 and CSU's status as a sovereign state public agency, nothing in the PSA will abrogate the authority of the California State University Board of Trustees. CSU alone will issue all development related permits and collect all DIFs (for disbursement to the City if required by SDMC section 22.0908) for all aspects of the Project.
- Measure G Compliance: The PSA will incorporate all other conditions and requirements as required by SDMC section 22.0908 and related Measure G campaign promises.

Other proposed PSA details will include:

- CSU Approval: The California State University Board of Trustees must accept and approve if at all, the FEIR, Campus Master Plan and PSA. The target date for such California State University Board of Trustees action is January 28, 2020.
- Council Approval: The City Council must accept and approve if at all, the Final EIR findings and related mitigation measures, and PSA. The target month for such City Council action is February 2020. Such action will require the introduction and adoption of a Charter section 221 ordinance.
- Closing Date: The closing will occur shortly after the parties enter into the PSA with a target Closing Date of no later than March 27, 2020.
- Potential Delay in Closing: If the Closing Date does not occur by June 30, 2020, through no fault (including unreasonable delays) of either party, (a) the City will lease the Property to SDSU for \$1.00 per month; (b) SDSU will assume all ongoing costs of maintaining and operating the Property, including the stadium; and (c) unless the delay is the City's fault, the purchase price will increase on prorated basis, applying an index factor of 2.149% from July 1, 2020 until the Closing Date.

SDSU is truly excited about the opportunity to purchase the Property and develop this transformational Project. We are hopeful the changes we are proposing to our offer will be acceptable. We stand ready to move forward and again, we appreciate all the hard work you, the Council and the City staff have provided to get us to this point.

Sincerely,



Adela de la Torre, Ph.D.  
President  
San Diego State University

cc:

Honorable Council President Georgette Gómez  
Council President Pro-Tem Barbara Bry  
Councilmember Jennifer Campbell  
Councilmember Chris Ward  
Councilmember Monica Montgomery  
Councilmember Mark Kersey  
Councilmember Chris Cate  
Councilmember Scott Sherman  
Councilmember Vivian Moreno  
Mara Elliott, City Attorney  
Aimee Faucett, Chief of Staff  
Kris Michell, Chief Operating Officer  
Mike Hansen, Director, Planning Department  
Cybele Thompson, Director, Real Estate Assets  
Kevin Reisch, Senior Chief Deputy City Attorney  
Melissa Ables, Deputy City Attorney