



The City of San Diego

Staff Report

DATE ISSUED: November 15, 2018

TO: City Council

FROM: Real Estate Assets

SUBJECT: Consent to the sale of the naming rights for the San Diego Sports Arena to Pechanga Resort and Casino and consenting to the identification signage of the San Diego Sports Arena as the "Pechanga Arena San Diego".

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Secondary Contact: April McCusker Phone: (619) 236-6987

Council District(s): 2

OVERVIEW:

This action is to request authorization for the Mayor, or his designee, to consent to the sale of the naming rights for the San Diego Sports Arena to Pechanga Development Corporation d/b/a Pechanga Resort and Casino and to consent to the identification signage of the San Diego Sports Arena as the "Pechanga Arena San Diego".

PROPOSED ACTIONS:

Approve a resolution consenting to the sale of the naming rights for the Pechanga Development Corporation d/b/a Pechanga Resort and Casino, a tribally chartered corporation and consenting to the identification signage of the San Diego Sports Arena as the "Pechanga Arena San Diego".

DISCUSSION OF ITEM:

The San Diego Sports Arena opened in 1966. Arena Group 2000 acquired its interest in the arena operating agreement in 1992. The current operator of the San Diego Sports Arena, AEG Management SD, LLC (AMSD) acquired its interest in the Sports Arena through the assignment of a Sublease Agreement in September 2008.

Prior to AMSD assuming the obligations under the Sublease Agreement, the Fourth Amendment to the Operating Sublease between the City and San Diego Entertainment, Inc., California Corporation (the City's Lessee) gave the operator of the Sports Arena the right to sell the naming rights to the San Diego Sports Arena, subject only to the City's consent to: (a) the person or entity acquiring the naming rights; and (b) the identification signage.

In October 2010, AMSD entered into a Naming Rights Agreement with San Pasqual Casino Development Group, Inc., a wholly-owned entity of the San Pasqual Band of Mission Indians, doing business as "Valley View Casino and Hotel," to change the name of the San Diego Sports Arena to "Valley View Casino Center." On October 18, 2010, pursuant to Resolution R-306203, the San Diego City Council renamed the Sports Arena Premises the Valley View Casino Center. The Naming Rights Agreement expires on November 30, 2018.

AMSD has entered into an agreement with a new Naming Rights Entity, specifically, Pechanga Development Corporation d/b/a Pechanga Resort and Casino, a tribally chartered corporation (Pechanga). This Naming Rights Agreement is subject to the City's consent, and AMSD has requested that the City consent to the identity of the new Naming Rights Entity and signage. Pechanga's proposal includes changing the name of the San Diego Sports Arena from Valley View Casino Center to Pechanga Arena San Diego.

AMSD has provided the City with a mock-up of 3 different versions of the proposed signage – please see the attached mock up proof. AMSD prefers Option A.

The Naming Rights and Sponsorship Agreement with Pechanga will expire on May 31, 2020 but may be extended to the earlier of May 31, 2023 or the termination of an extended term of the Operating Sublease. Pursuant to the Operating Sublease, the City will receive approximately \$40,000 per year (i.e., 10% of AMSD’s gross receipts for the naming rights). This partnership will increase revenue to the City.

City Strategic Plan Goal(s)/Objective(s):

Goal # 1: Create and sustain a resilient and economically prosperous City.

Objective: Diversify and grow the local economy

Fiscal Considerations:

The Naming Rights Agreement would generate \$40,000 per year to the City, or approximately \$63,000 until the term expires on May 31, 2020.

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 and therefore is not subject to CEQA, pursuant to Section 15060(c)(3) of the State CEQA Guidelines.

Equal Opportunity Contracting Information (if applicable):

This agreement is not subject to the City’s Equal Employment Opportunity Outreach Program (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

Previous Council and/or Committee Actions:

None

Key Stakeholders and Community Outreach Efforts:

Residents who live in the Midway community district.

Cybele L. Thompson

Director, Real Estate Assets Department

Ronald H. Villa

Acting Assistant Chief Operating Officer