



CITY COUNCIL AGENDA STATEMENT



August 13, 2019

File ID: 19-0324

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A REIMBURSEMENT AGREEMENT BETWEEN THE CITY AND CHULA VISTA BAYFRONT RV LLC TO CONSTRUCT SPECIFIED BAYFRONT DEVELOPMENT IMPACT FEE AND SEWER IMPROVEMENTS AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

On April 24, 2018, the City of Chula Vista and the San Diego Unified Port District (the "District") approved a Disposition and Development Agreement (DDA) with RIDA Chula Vista, LLC ("RIDA") for the development of a large-scale destination resort and convention center project on parcel H-3 of the Chula Vista Bayfront Master Plan (also known as the "CVBMP", "Chula Vista Bayfront", or "CVB"). Per the Chula Vista Bayfront Development Policies certified by the California Coastal Commission in August 2012, development of the H-3 site requires the relocation of the existing recreational vehicle (RV) park. The developer selected for the relocation of the RV park ("Sun Communities") has committed to not only building the replacement RV park, but also constructing a portion of the initial infrastructure required to serve the CVB that would otherwise have been constructed by RIDA, the City, or the District (the "Remaining Phase 1A Infrastructure Improvements"). Approval of the proposed reimbursement agreement is recommended in order to implement commitments made in the DDA and to facilitate related procurement and credit award processes.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity was covered in previously adopted Environmental Impact Report UPD#83356-EIR-65B/SCH#2005081077. The Development Services Director has also reviewed the proposed activity for additional compliance with CEQA and has determined that there is no possibility that the activity may have a significant effect on the environment; therefore, pursuant to Section 15061(b)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

In 2002, the City of Chula Vista and the District began a collaborative planning process to create a master plan for the approximately 535-acre Chula Vista Bayfront area. The master plan was designed to transform Chula Vista's underutilized industrial Bayfront landscape into a thriving residential and world-class waterfront resort destination. The CVBMP represents the last significant waterfront development opportunity in Southern California and is the result of a decade-long joint planning effort by a broad coalition of stakeholders, the District, the City, and Pacifica Companies.

The CVBMP will create thousands of new jobs, create new public parks, protect natural coastal resources, provide conference and visitor-serving amenities and build an important asset for the San Diego region, the South Bay, Chula Vista residents, and coastal visitors. At buildout, more than 40% of the CVBMP project area will be dedicated to parks, open space, and habitat restoration/preservation. Anticipated economic benefits include the creation of more than 4,400 permanent jobs, nearly 7,000 temporary construction jobs, and numerous indirect jobs in the regional economy.

The master plan will be implemented jointly by the City and the District in four major phases over a 24-year period. Phase one of implementation includes the development of the previously described resort hotel and convention center project and RV park relocation, the creation of public parks and open space, the restoration of habitat areas, a mixed-use residential development, and ancillary public infrastructure.

CVBMP Financing Agreement

In furtherance of developing the CVBMP, the City and the District entered into a Bayfront Master Plan Financing Agreement (the "Financing Agreement") on May 8, 2012. The Financing Agreement identified the rights and obligations of each agency, with respect to the financing, development, and construction of public improvements, infrastructure, and the planned convention center in the CVBMP. The Financing Agreement was subsequently amended and restated to recognize additional rights and obligations of the respective agencies, effective June 20, 2017 (the "Amended and Restated Financing Agreement"). Per the Amended and Restated Financing Agreement and the DDA, the City will fund specified in-road sewer facilities included in the Phase 1A Infrastructure Improvements (the City's "Sewer Facility Contribution").

Sun Communities

On October 24, 2016, the District issued a Request for Proposals (RFP) for the development and operation of a destination RV park, with a minimum of 237 stalls and associated infrastructure improvements. Sun Communities' highly-qualified response was selected by the District Board on April 11, 2017 and initial lease negotiations began soon thereafter.

The District and Sun Communities have worked collaboratively since 2017 to develop a project description and plans, obtain a Coastal Development Permit (CDP), and negotiate a ground lease. As part of the ground lease negotiations, Sun Communities has committed to constructing the following Remaining Phase 1A Infrastructure Improvements surrounding their project site:

1. E Street (Bay Boulevard to F Street)
2. F Street (Bay Boulevard to E Street)

3. F Street (E Street to Gunpowder Point Drive)
4. Gunpowder Point Drive Relocation
5. SP-1 Sweetwater Buffer for S-1
6. SP-2 Seasonal Wetlands
7. SP-4 SDG&E Trail

Projects 1 through 3 above are roadway segments that include: (i) improvements eligible for reimbursement via the City's Sewer Facility Contribution; (ii) improvements that are included in the Bayfront Development Impact Fee (BFDIF) program; and (iii) improvements that are solely the responsibility of Sun Communities. Projects 4 through 7 are solely funded by Sun Communities. Because the estimated cost of their planned BFDIF facilities exceed their estimated BFDIF fee obligation, Sun Communities is eligible to both earn credits against their BFDIF fee obligation and to receive cash reimbursement from the BFDIF program in the future (as funds are available). The City has negotiated a reimbursement agreement with Sun Communities to address both their in-road sewer improvements and BFDIF eligible facilities, each discussed in further detail below.

Sewer Improvements

Per the DDA, in-road sewer improvements (the "Sewer Improvements") to be constructed by RIDA, the City, the District, and others will be funded by the City's Sewer Facility Contribution. Sun Communities' Sewer Improvements are estimated to cost approximately \$390,000, including design. Actual costs will be determined during the bidding and construction process. The City has identified sufficient funds to reimburse Sun Communities for these expenses in the City's Sewer Income Fund. Per Chula Vista Municipal Code (CVMC) Section 13.14.030, the Sewer Income Fund is a repository for one-time fees collected from persons connecting, directly or indirectly, to the City's sewer system. CVMC Chapter 3.16 provides that these funds may be used, in the discretion of the City Council and pursuant to written contract, to reimburse any person who constructs sewer facilities that benefit other properties. Sun Communities' Sewer Improvements are qualifying facilities. An agreement to allow for the reimbursement of eligible Sewer Improvement expenses has been negotiated with Sun Communities (see Attachment 1).

Adoption of the resolution approves the proposed Reimbursement Agreement and implements the City's related commitments in the DDA.

BFDIF Improvements

As previously described, Sun Communities will be constructing three roadway segments that are included in the City's BFDIF program. Per the BFDIF Ordinance, any developer that constructs a BFDIF facility is eligible for credit against the BFDIF fees that would otherwise be due with their building permits. Sun Communities' BFDIF obligation is currently estimated to total approximately \$1.3 million. Their BFDIF eligible improvements are estimated to total approximately \$4.9 million, indicating a future reimbursement from the BFDIF program of approximately \$3.6 million. The proposed reimbursement agreement provides a mechanism for the City to reimburse Sun Communities for this eligible BFDIF expense as funds become available.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

All costs associated with the preparation of this report and the associated agreement are included in the operating budget for the Development Services Fund. There is no current fiscal year impact to the General Fund as a result of this action. Approval of the resolution authorizes the City to enter into a Reimbursement Agreement with Sun Communities for construction of specified BFDIF and sewer improvements in the CVBMP and appropriates \$390,000 from the Sewer Income Fund for this purpose.

ONGOING FISCAL IMPACT

All funds are anticipated to be expended in the current fiscal year. There is no ongoing fiscal impact as a result of this action.

ATTACHMENTS

1. Reimbursement Agreement with Chula Vista Bayfront RV LLC to Construct Specified Bayfront Development Impact Fee and Sewer Improvements

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