



CITY COUNCIL AGENDA STATEMENT



March 26, 2019

File ID: 19-0025

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING THE 2019 ANNUAL REPORT FOR THE DOWNTOWN CHULA VISTA PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT AND DIRECTING STAFF TO CONDUCT A SURVEY OF EXISTING BUSINESSES AND PROPERTY OWNERS

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The Downtown Chula Vista Property Based Business Improvement District (PBID) was organized in 2001 to implement various enhancement services within the Third Avenue and Downtown area and is directly administered for the City by the owner's association known as the Third Avenue Village Association (TAVA). In accordance with Streets and Highways Code 36650-36651, TAVA is required to prepare a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The attached report does not propose any modifications to the boundary of the District, the basis and method of levying assessments or any changes to property classification and complies with the reporting requirements outlined in the Streets and Highways Code. The total annual assessment amount for the 2019 year is estimated at approximately \$462,000 dollars. Staff has reviewed the annual report and recommends the City Council approve the attached resolution.

ENVIRONMENTAL REVIEW

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

ENVIRONMENTAL DETERMINATION

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the approval of the 2018/19 annual report of the Third Avenue Business Improvement District is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it involves a governmental fiscal activity which will not result in a potentially significant physical impact on the environment. Therefore, pursuant to Section 15060(c)(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

The Downtown Chula Vista Property Based Business Improvement District (PBID) was organized in 2001 to implement various enhancement services within the Third Avenue and Downtown area and is directly administered for the City by the owner's association known as the Third Avenue Village Association (TAVA). In accordance with Streets and Highways Code 36650-36651, TAVA is required to prepare a report for each fiscal year (Attachment "A"), except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report.

TAVA administers funds received from a PBID and receives approximately \$462,000 dollars annually in PBID assessment revenue. In addition to PBID revenue TAVA has additional revenue from events, business license, grants and in-kind contributions bring total revenue for TAVA to approximately \$600,000 dollars. The approved line item budget for TAVA's fiscal year is attached as Attachment "B".

Prepared in accordance with the State of California Property and Business Improvement District law of 1994, Streets and Highways Code section 36650, the Annual Planning Report represents the second year of program operations within the current ten-year term. Pursuant to Streets and Highway Code 36650-36651 TAVA is required to have the following information:

- **Section 2: PBID Boundaries**

There are no recommended changes to the boundaries of the PBID district or in any zones or classification of property or businesses within the district.

- **Section 3: Assessment Budget**

The estimate for improvements, maintenance, and activities includes \$467,524 dollars in total expenditures, including a 5% reserve of \$23,120 dollars. The \$55,000 dollars added to Third Avenue additional maintenance activities is to fund quarterly power washing (\$30,000 dollars) and to fund additional administrative costs.

EXPENDITURES	2018 Budget	2019 Budget	Difference
Environmental Enhancements			
Clean and Safe, Homeless, Beautification	\$ 90,000	\$ 70,615	\$ (19,385)
Third Avenue Additional Maintenance	\$ 70,000	\$ 125,153	\$ 55,153
Economic Enhancements	\$ 170,000	\$ 139,001	\$ (30,999)
Administration	\$ 100,000	\$ 109,635	\$ 9,635
PBID Reserves	\$ 23,000	\$ 23,120	\$ 120
Total Expenditures	\$ 453,000	\$ 467,524	\$ 14,524
REVENUES			
Assessment Revenues	\$ 449,652	\$ 462,400	\$ 12,748
General Benefit Revenues	\$ 5,348	\$ 5,456	\$ 108
Total Assessment District Revenues	\$ 455,000	\$ 467,856	\$ 12,856

- **Section 4: Method of Financing**

Revenues will be collected through the levy of special annual assessments upon the real property for which the services and activities are provided. There are two benefit zones, those parcels that front Third Avenue and those that do not. The method of financing is contained in the attached annual report.

- **Section 5: Surplus/ Deficit Revenue**

The previous year's surplus revenue will be carried over into the following fiscal year and TAVA anticipates that there will be approximately \$80,000 dollars of surplus from 2018 into 2019. In addition, TAVA has approximately \$200,000 dollars that are not allocated to this year's fiscal budget being held in reserves providing a total of \$280,000 dollars in unallocated resources above the reserve of 5%.

- **Section 6: Other Funding**

Additional funds are expected from public events that market the business district to San Diego County residents. Projected revenue from these events are estimated to be \$18,000 dollars increasing the PBID operating revenue to approximately \$493,000 dollars.

- **Section 7: Activity, Improvements and Services**

Environmental and Economic Enhancements in addition to Advocacy and Administration include various key functions including homeless assistance, graffiti removal and economic development and a reserve of 5%.

Staff has reviewed the annual report and find that it is in conformance with the reporting requirement of Streets and Highways Code 36650-36651. However, there are significant unallocated resources (\$280,000 dollars) under the control of the Third Avenue Village Association. These funds have grown year over year going back over seven years and must be reinvested to the benefit of the District. TAVA is currently conducting analysis and outreach to determine the best use of these funds. In addition, staff is recommending conducting a City led survey of Downtown business and property owners to seek input on what activities, events or improvements they would like the City and TAVA to consider for future implementation. Staff is aware of several business/property owners who have formed informal planning groups to discuss how to organize and plan more events Downtown, like an art walk, music festival, Latin film festival, a Cinco de Mayo celebration, a car show or a weekly market that would help highlight the diversity of businesses in our Downtown. This survey effort would be implemented by economic development staff and funded through available budgetary resources.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council and has found that, Mayor, Mary Casillas-Salas has real property holdings within 500 feet of the boundaries of the property which is the subject of this action. Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and 18702.2(a)(7), this item presents a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.) for the above-identified member.

Staff is not independently aware, and has not been informed by 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

There is no current year fiscal impact on the General Fund as a result of this action as all actions will be funded out of existing resources.

ONGOING FISCAL IMPACT

There is no on-going fiscal impact as a result of this action.

ATTACHMENTS

- A. Third Avenue Village Association Annual Report
- B. Third Avenue Annual Budget
- C. Maintenance/Encroachment Agreement

Staff Contact: Eric Crockett, Director of Economic Development