



# CITY COUNCIL AGENDA STATEMENT



November 12, 2019

File ID: 19-0533

## **TITLE**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AMENDING RESOLUTION NO. 2019-169 DECLARING THE NECESSITY TO INCUR A BONDED INDEBTEDNESS OF THE BAYFRONT PROJECT SPECIAL TAX FINANCING DISTRICT TO BE SECURED BY SPECIAL TAXES LEVIED WITHIN SUCH DISTRICT TO FINANCE PUBLIC AND PRIVATE IMPROVEMENTS

## **RECOMMENDED ACTION**

Council adopt the resolution amending Resolution No. 2019-169.

## **SUMMARY**

On September 10, 2019, the City Council took several actions furthering the formation process for the planned Chula Vista Bayfront Project Special Tax Financing District (the "Bayfront District"). One such action was a resolution declaring the necessity of the Bayfront District to incur a bonded indebtedness to finance certain authorized facilities and setting the maximum bonded indebtedness at \$125,000,000. Staff recommends amending the resolution to increase the maximum bonded indebtedness for the Bayfront District to \$175,000,000.

## **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the proposed activity consists of the creation of a governmental fiscal/funding mechanism which does not result in a physical change in 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 City of Chula Vista has initiated proceedings to form the Bayfront District. On September 10, 2019, the Council approved the following three resolutions furthering the formation of the district:

1. Resolution 2019-167, adopting a map showing the boundaries of the territory proposed to be included in the Bayfront District;

2. Resolution 2019-168, declaring the intention of the City Council to establish the Bayfront District and to authorize the levy of a special tax therein to finance public and private improvements and maintenance services (the “Resolution of Intent”); and
3. Resolution 2019-169, declaring the necessity to incur a bonded indebtedness of the Bayfront District, to be secured by special taxes to be levied within the district to finance public and private improvements (the “Bonded Indebtedness Resolution”).

The Bonded Indebtedness Resolution established a maximum bonded indebtedness for the Bayfront District of \$125,000,000. The Resolution of Intent and the Bonded Indebtedness Resolution each also set public hearings to be held contemporaneously on October 15, 2019 to consider (a) the establishment of the Bayfront District and the authorization to levy the special tax therein and (b) the necessity for and authorization of the Bayfront District to incur a bonded indebtedness. On October 15, 2019, the public hearings were continued to November 5, 2019.

At the November 5, 2019 City Council meeting, staff requested direction from the Council to return with an item increasing the maximum bonded indebtedness to \$175,000,000. Staff’s request was the result of additional analysis of the reasonably foreseeable revenues to be generated by the Bayfront District and recognizing the value of maximizing future flexibility for the Bayfront District. Amending the Bonded Indebtedness Resolution does not authorize a bonded debt issuance, but rather secures the future ability of the Council to approve an indebtedness of up to \$175,000,000 for the Bayfront District, should they so choose. The actual amount of the bond sale(s) will depend upon a number of factors, including interest rates on the bonds. Council directed staff to return with an amended Bonded Indebtedness Resolution.

At the November 5 Council meeting, the public hearings were continued to November 19, 2019, to allow sufficient time to provide notice of the increase in the amount of indebtedness of the Bayfront District proposed to be authorized. Notice was published on November 8, 2019 in the Star News.

#### Future Actions

A combined public hearing will be held on November 19, 2019 to consider (a) the establishment of the Bayfront District and the authorization to levy the special tax therein and (b) the necessity for and authorization of the Bayfront District to incur a bonded indebtedness. There will be an election following the public hearings for the landowners to vote on the authorization to levy special taxes, the authorization to incur a bonded indebtedness of the Bayfront District and to establish an appropriations limit. Once the votes are cast, Council will be requested to certify the results of the election.

#### **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 financing 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 expenses incurred by the City in undertaking the proceedings to consider the formation of the Bayfront District and subsequently authorizing, issuing, and selling bonds of the Bayfront District to finance the acquisition and construction of eligible public facilities will be reimbursed from future Bayfront District bond proceeds or special tax revenues, resulting in no net impact to the General Fund or the Development Services Fund.

**ONGOING FISCAL IMPACT**

Approving the amended resolution increases the maximum bonded indebtedness for the Bayfront District from \$125,000,000 to \$175,000,000. This action does not commit the Bayfront District to issue any bonded debt. There is no ongoing fiscal impact to the City as a result of this action.

**ATTACHMENTS**

1. Resolution No. 2019-169

*Staff Contact: Tiffany Allen, Development Services Department*