

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN ECONOMIC DEVELOPMENT SUBSIDY TO RIDA CHULA VISTA, LLC, FOR A HOTEL-CONVENTION CENTER PROJECT (CHULA VISTA BAYFRONT MASTER PLAN PARCEL H-3) AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the City of Chula Vista (City) is a California municipal corporation and charter city; and

WHEREAS, the City and the San Diego Unified Port District (District), began a collaborative planning process with the community to develop a comprehensive Chula Vista Bayfront Master Plan (CVBMP) in 2002; and

WHEREAS, on May 18, 2010, the District, as Lead Agency (as such term is defined in California Public Resources Code Section 21067), certified a Final Environmental Impact Report for the CVBMP and Port Master Plan Amendment (UPD No. 83356-EIR-658; SCH No. 2005081077) (District Clerk No. 56562) (FEIR); and

WHEREAS, the City is a Responsible Agency (as such term is defined in California Public Resources Code Section 21069); and

WHEREAS, the CVBMP is the project described in the FEIR; and

WHEREAS, on May 18, 2010, the City, as a Responsible Agency after having considered and relying on the FEIR, pursuant to the California Environmental Quality Act (Public Resources Code Section 21000, et seq.) (CEQA), made certain Findings of Fact; adopted a Statement of Overriding Considerations and adopted a Mitigation Monitoring and Reporting Program for the CVBMP; and

WHEREAS, the first step in implementing the CVBMP was the adoption of the Chula Vista Bayfront Master Plan Financing Agreement, which was approved by the City Council via Resolution 2012-078; and

WHEREAS, an Amended and Restated Chula Vista Bayfront Financing Agreement, reflecting updated contributions and commitments was approved by the City Council via Resolution 2016-241; and

WHEREAS, the District's Board of Commissioners approved an Exclusive Negotiating Agreement (ENA) with RIDA for the construction of a hotel and convention center project (Project) on CVBMP Parcel H-3 on February 10, 2015; and

WHEREAS, on June 20, 2017, at a joint meeting of the City Council and the District's Board of Commissioners, the District's Board of Commissioners approved the Amended and Restated Chula Vista Bayfront Financing Agreement, as adopted by the City Council via Resolution 2016-241; and

WHEREAS, at the June 20, 2017 joint meeting, the District's Board of Commissioners and the City Council approved a non-binding Letter of Intent (LOI) with RIDA Chula Vista, LLC (Developer) to facilitate the negotiation of a future Disposition and Development Agreement (DDA) for the Project (City Council Resolution 2017-104); and

WHEREAS, representatives of the District, City and Developer have negotiated the terms of a DDA for the Project, addressing all business terms and commitments by all parties through the close of escrow for the Project, to be considered at today's joint meeting of the District and the City; and

WHEREAS, staff of the District and City recommend that the City Council and District Board of Commissioners approve the DDA; and

WHEREAS, representatives of the District and the City have negotiated and recommend approving a Revenue Sharing Agreement between the District and the City to be considered at today's joint meeting of the District and the City, addressing funding commitments of each agency; application of residual Project revenues after payment of Project debt including reimbursements to each agency; operating and maintenance responsibility for Project related infrastructure; and allocation of twenty percent (20%) of Net Operating Income generated by the Project above an eleven percent (11%) Developer Return on Investment, to be paid by Developer to the District for Lease Year 1 through Lease Year 37 (Additional Rent); and

WHEREAS, the City wishes to contribute those specific revenues identified in the Financing Agreement, the DDA, and the Revenue Sharing Agreement incorporated herein by reference as if set forth in full (the "Project Subsidy") to the Project as an Economic Development Subsidy, as defined in California Government Code Section 53083(g)(1); and

WHEREAS, Developer is a Delaware limited liability company qualified to do business in the State of California; and

WHEREAS, an Economic Development Subsidy Report for the Project has been prepared by Keyser Marsten Associates, Inc., provided as Exhibit 1, attached hereto and incorporated herein by reference as if set forth in full; and

WHEREAS, operation of the Project will provide the following benefits to the City and the community:

1. The development of the Project is estimated to generate 130 full time (temporary) construction jobs and 3,300 permanent full time jobs in the City of Chula Vista; and

2. Pursuant to the Revenue Sharing Agreement, the City will receive fifty percent (50%) of residual Project revenues after payment of specified expenses and reimbursements to the City and District; and

3. Pursuant to the Revenue Sharing Agreement, the City will receive fifty percent (50%) of Additional Rent to be paid to District by the Developer; and

4. The development of the site and the operation of the Project is anticipated to increase property values and revitalize the CVBMP project area by drawing visitors, consumers, and employees to the area, thereby stimulating the local economy; and

5. The City anticipates that the operation of the Project will help to foster a business and civic environment that will attract additional businesses and investment in the community due to the increased public and private services resulting from the generation of jobs, tax revenues, and consumers in the City and the area surrounding the Project site; and

6. The operation of the Project will serve the City and the surrounding community by providing commercial facilities that are not currently available in the community. No luxury, AAA Four Diamond (or similar) hotel currently operates in the City. Further, the City currently lacks large, luxury conference facilities similar to the Convention Center component of the proposed Project that will accommodate community events and gatherings such as high school dances, meetings of local trade organizations, fundraisers and other community events. The nature of the Project as a high-end, luxury resort is expected to bring a demand for additional luxury facilities and services in the community, encouraging related investment and development in the City and immediately surrounding areas; and

WHEREAS, the City desires to approve the Project Subsidy as an Economic Development Subsidy, pursuant to Government Code Section 53083; and

WHEREAS, the City (i) made the information required by Government Code Section 53083(a) available to the public in written form and on the City's website and (ii) held a noticed public hearing regarding the Economic Development Subsidy as required by Government Code Section 53083(b); and

WHEREAS, the City has duly considered all terms and conditions of the proposed Project Subsidy and believes that the development and operation of the Project is in the vital and best interest of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable requirements of State and local law.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, as follows:

1. The City Council hereby finds and determines that the recitals set forth above are true and correct and are incorporated herein by reference as if set forth in full.
2. The City Council hereby finds and determines, based upon substantial evidence provided in the record before it, that (a) the Project Subsidy will promote the public peace, health, safety, and welfare of the City of Chula Vista and its residents; and (b) the Project Subsidy is reasonably necessary to induce and ensure the development and operation of the Project.
3. The City Council hereby finds and determines, based upon substantial evidence provided in the record before it, that the City has complied with the applicable requirements of the California Environmental Quality Act (CEQA) with respect to approval of the Project Subsidy. The environmental impacts of the Project were evaluated in the Final Environmental Impact Report (FEIR) for the CVBMP. No additional CEQA review is required at this time because the Project Subsidy does not approve any specific development,

but rather is a government funding mechanism and fiscal activity that in and of itself does not result in a potentially significant physical impact on the environment with the meaning of Section 15378(b)(4) of the CEQA Guidelines, Chapter 3 of Title 14 of the California Code of Regulations; therefore approval of the Project Subsidy does not constitute approval of a “project” under CEQA. The development of the Project will be subject to compliance with all federal, state, and local laws, including the Chula Vista Municipal Code and CEQA, prior to issuance of permits by the City.

4. The City Council hereby finds and determines, based upon substantial evidence provided in the record before it, that the development, opening, and operation of the Project will be of material benefit to the City and to the citizens of, and property owners in, the City and surrounding areas, because construction and operation of the Project will encourage and foster the economic revitalization of the City for the people in the area and the general public as a whole; provide commercial facilities and services not currently available in the City; increase tax revenues available to the City and other taxing agencies; increase sales tax revenues available to the City; increase Transient Occupancy Tax revenues available to the City; generate Additional Rent to the City; and create jobs within the City.
5. The City Council hereby approves the Project Subsidy as an Economic Development Subsidy to RIDA Chula Vista, LLC, for the Project). The City Council further authorizes and directs the City Manager and his authorized designees to take such actions as may be necessary or appropriate to implement the Economic Development Subsidy, including, but not limited to, further instruments and agreements, issuing warrants, and taking other appropriate actions to perform obligations and exercise the rights of the City.

Presented by:

Approved as to form by:

Gary Halbert
City Manager

Glen R. Googins
City Attorney