



CITY COUNCIL AGENDA STATEMENT



February 18, 2020

File ID: 19-0525

TITLE

- A. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 16-I (MILLENIA), MAKING CERTAIN DETERMINATIONS AND AUTHORIZING THE SUBMITTAL OF THE PROPOSED CHANGES TO THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES AUTHORIZED TO BE LEVIED WITHIN IMPROVEMENT AREA NO. 2 OF COMMUNITY FACILITIES DISTRICT NO. 16-I (MILLENIA) TO THE QUALIFIED ELECTORS THEREOF

- B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 16-I (MILLENIA), DECLARING THE RESULTS OF A SPECIAL ELECTION IN IMPROVEMENT AREA NO. 2 THEREOF AND DETERMINING THAT THE CHANGES TO THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES AUTHORIZED TO BE LEVIED WITHIN IMPROVEMENT AREA NO. 2 ARE LAWFULLY AUTHORIZED

RECOMMENDED ACTION

That Council open the public hearing, take public testimony, close the public hearing; and

- A. Approve Resolution (A) authorizing the submittal of proposed changes to the Rate and Method of Apportionment of special taxes authorized to be levied within Improvement Area No. 2 of Community Facilities District No. 16-I (Millenia) to the qualified electors of Improvement Area No. 2

City Clerk holds the special election and canvasses the ballots; and

- B. Approve Resolution (B) declaring the results of a special election in Improvement Area No. 2.

SUMMARY

On January 7, 2020, Council adopted Resolution No. 2020-001, which approved an amended boundary map for Improvement Area No. 2 (Improvement Area No. 2) of Community Facilities District No. 16-I (“CFD No. 16-I” or “the District”) deleting certain commercial-retail properties from the boundaries of Improvement Area No. 2. As part of Resolution No. 2020-001, Council also declared its intention to consider changes to the Rate and Method of Apportionment for Improvement Area No. 2 (the “Existing Improvement Area No. 2 RMA”). The proposed changes to the Existing Improvement Area No. 2 RMA include revision of special tax rates within different portions of Improvement Area No. 2 (see discussion below for more details). The recommended action on tonight’s agenda will be the next step to accommodate the proposed change. The

City has retained the services of Spicer Consulting Group (SCG) as special tax consultant and Best Best and Krieger LLP (BBK) as legal counsel to oversee the proceedings.

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 it will 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

On December 15, 2015, the City Council adopted Resolution No. 2015-282, which approved the Advance Deposit and Reimbursement Agreement (Advance Deposit Agreement) between the City and SLV IV-Millenia, LLC (the “Developer”). The Advance Deposit Agreement provided that the Developer would advance funds to the City for the payment of all initial consulting and administration costs and expenses related to the proceedings to consider the formation of the CFD No. 16-I, and to subsequently authorize, issue, and sell bonds for the District. The City Council adopted Resolution No. 2016-184 on September 13, 2016 to form and establish CFD No. 16-I, including Improvement Area No. 1 and Improvement Area No. 2 (Existing Improvement Area No. 2). On September 23, 2016, the City recorded the Notice of Special Tax Lien, which included the Existing Improvement Area No.2 RMA as Exhibit B. Attachment 1 is a project map showing the location of CFD No. 16-I, including Improvement Area No. 1 and Improvement Area No. 2 (including Zones A and B), prior to the boundary modifications.

In August of 2019, the Developer initiated discussions with the City requesting changes to Improvement Area No. 2. Specifically, the proposed changes included (1) the removal of commercial-retail lots located near the Optima Street intersections with Montage Avenue and Optima Orion Avenue within Zone A¹ and (2) revision of residential special tax rates in Zone B, implementing a per-acre rate for both residential and non-residential uses. The proposed changes are designed to reduce the special tax burden on retail development in Improvement Area No. 2, to provide certainty on expected special taxes for bonding purposes, and to avoid discouraging any future proposal of for-rent residential development in Zone B.

The City and consultant team carefully considered and analyzed the proposals. This involved the completion of a financial analysis to determine whether the current special tax rates will be sufficient to accommodate projected bond sizing. The analysis concluded that anticipated special tax revenues would be sufficient to pay the debt service for the anticipated bond amount and that no increase in special tax rates would be necessary. Because the proposals would not necessitate any increases in special tax rates to cover bonds, and because they would reduce the special tax burden for retail uses in Zone A, staff recommended approval of the proposed change proceeding. The consultant team then prepared the Amended and Restated Rate and

¹ This change was approved by the City and filed at the County Recorder’s office on November 27, 2019 as file number 2019-7000481.

Method of Apportionment of Special Tax, Community Facilities District No. 16-I (Millenia) Improvement Area No. 2 (the “Amended Improvement Area No. 2 RMA”) (Attachment 2).

On January 7, 2020, Council adopted Resolution No. 2020-001. This resolution approved and adopted the amended boundaries of Improvement Area No. 2; authorized the execution of an amended Advance Deposit Agreement; and declared Council’s intention to consider the proposed modification of the Existing Improvement Area No. 2 RMA. Resolution No. 2020-001 also provided notice of tonight’s public hearing to consider approval of the modification of the Existing Improvement Area No. 2 RMA and established procedures for a vote of qualified electors on the proposed modification.

Following the January 7, 2020 Council meeting, the City recorded the amended boundary map at the Office of the County Recorder as Instrument No. 2020-7000009 in book 48 and on page 67 of Maps of Assessment and Community Facilities Districts (Attachment 3). In accordance with Section 53321.5 of the Mello-Roos Community Facilities Act of 1982, the consultant team prepared an Amended Special Tax Report (Attachment 4) which made findings and certifications regarding special tax rates and the Amended Improvement Area No. 2 RMA.

Resolutions

There are two resolutions on tonight’s agenda which, if adopted, will accomplish the following:

The RESOLUTION OF DETERMINATION is the formal action of the City Council authorizing submittal of the levy of special taxes to the qualified electors of Improvement Area No. 2.

The RESOLUTION DECLARING SPECIAL ELECTION RESULTS is the action whereby the City Council formally approves the results of a special election by the qualified electors regarding the proposed levy of special taxes in Improvement Area No. 2 pursuant to the Amended Improvement Area No. 2 RMA.

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

In the current year, all costs associated with the change proceeding (including staff time and consultant services) are covered by Developer funds which have been deposited in accordance with the Advance Deposit Agreement. The City will recover the full cost of staff time expended in District administration

activities for the entire term of the special tax², resulting in no net fiscal impact to the General Fund or Development Services Fund.

ONGOING FISCAL IMPACT

In future years, the City will recover the full cost of staff time expended in administrative for the entire term of the special tax, resulting in no net fiscal impact to the General Fund or Development Services Fund.

ATTACHMENTS

1. CFD No. 16-I Project Map
2. Amended and Restated Rate and Method of Apportionment of Special Tax, Community Facilities District No. 16-I (Millenia) Improvement Area No. 2
3. Recorded Boundary Map of Community Facilities District No. 16-I (Millenia), City of Chula Vista, County of San Diego, State of California
4. Amended Special Tax Report, Change Proceeding, CFD No. 16-I (Millenia), Improvement Area No. 2

Staff Contact: Scott Barker, Transportation Engineer

² The special tax will be levied as long as necessary to meet the Special Tax Requirement, as defined in the RMA, but in any event not after Fiscal Year 2059-2060.