



CITY COUNCIL AGENDA STATEMENT



January 7, 2020

File ID: 19-0500

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 16-I (MILLENNIA) MODIFYING TERRITORY WITHIN IMPROVEMENT AREA NO. 2 OF COMMUNITY FACILITIES DISTRICT NO. 16-I (MILLENNIA) AND DECLARING ITS INTENTION TO CONSIDER CHANGES TO THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES AUTHORIZED TO BE LEVIED WITHIN IMPROVEMENT AREA NO. 2 THEREOF

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The City of Chula Vista is conducting proceedings to consider making changes to Community Facilities District No. 16-I (Millenia) ("CFD No. 16-I" or the "District"). CFD No. 16-I was established in 2016 to authorize the levy of special taxes to finance the acquisition or construction of certain authorized facilities, such as roadways, transit facilities, storm drains, and others. The District consists of two separate improvement areas (i.e., "Improvement Area No. 1" and "Improvement Area No. 2"). Improvement Area No. 2 is further divided into Zones A and B (see Attachment 1). The master developer of the Millenia project (SLF-IV Millenia, LLC (the "Developer")) has requested that the City Council initiate proceedings to consider the following modifications CFD 16-I Improvement Area No. 2:

- Delete certain commercial-retail property from Zone A, and
- Revise residential special tax rates in Zone B

The proposed changes are driven by a revision to Final Map No. 16380, which involves the creation of two new retail-commercial lots, and by the Developer's proposal to implement a per-acre special tax rate for both residential and non-residential property in Zone B. The City has retained the services of Spicer Consulting Group (SCG) as special tax consultant and Best Best & Krieger LLP (BBK) as legal counsel to provide assistance during the proceedings. This action initiates the formal proceedings to consider the proposed changes to Improvement Area No. 2 of CFD No. 16-I.

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 the Developer. The Advance Deposit Agreement provided that the Developer 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. Subsequently, on October 5, 2016, the City Council approved Ordinance No. 3375 to authorize the levy of a special tax in CFD No. 16-I.

In August of 2019, the Developer initiated discussions with the City requesting changes to Improvement Area No. 2. Specifically, the proposed changes (the “Change Proceedings”) 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 were 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 not discourage 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 or not current special tax rates will be sufficient to accommodate projected bond sizing. The analysis concluded that anticipated special tax revenues would be sufficient for bonding 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 recommends approval of the proposed change proceeding.

Implementation of these changes involves modification of the following documents:

- CFD No. 16-I Improvement Area No. 2 Rate and Method of Apportionment (Attachment 2)
- CFD No. 16-I Boundary Map (Attachment 3)

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.

- Community Facilities District Advance Deposit and Reimbursement Agreement, Community Facilities District No. 16-I (Millenia) (Attachment 4 is an amendment to the Advance Deposit Agreement)

Resolution

If adopted, the resolution on tonight's agenda would accomplish the following:

The RESOLUTION OF CONSIDERATION is the jurisdictional resolution declaring the intention of the City Council to consider changes to the Rate and Method of Apportionment (RMA) for CFD No. 16-I Improvement Area 2 and to set the time and place for a public hearing to consider approval of the modification of the RMA. The Resolution of Consideration also includes adoption of the modified CFD No. 16-I boundary map and approval of an amendment to the Advance Deposit Agreement so that funds advanced to the City by the Developer to cover the Change Proceedings will be eligible for reimbursement or credit pursuant to the Advance Deposit Agreement.

Future Actions

The public hearing and consideration of the adoption of a resolution modifying the RMA for Improvement Area No. 2 is scheduled for the City Council meeting of February 18, 2020 at 5:00 P.M.

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 a 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.

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.

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. Proposed Amended Boundary Map of Community Facilities District No. 16-I (Millenia)
4. First Amendment to Community Facilities District Advance Deposit and Reimbursement Agreement Community Facilities District No. 16-I (Millenia)

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