



City of Chula Vista

Staff Report

File#: 16-0071, **Item#:** 7.

RESOLUTION NO. 2016-034 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE CITY MANAGER TO SIGN THE PETITION PROPOSING THE RENEWAL OF THE DOWNTOWN CHULA VISTA PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT ON BEHALF OF THE CITY

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The Downtown Chula Vista Property-Based Business Improvement District (PBID) was formed in 2001 to proactively implement a number of enhancement services and programs within the downtown core. Administered by Third Avenue Village Association (TAVA), the PBID was established to promote a cleaner, safer, and more attractive business district. The PBID was inaugurated for a five-year term beginning in 2001 and renewed in 2006 for an additional 10 years. In order to continue operation, the PBID must be renewed by June 2016 by a majority of returned property owner ballots via a weighted ballot process.

Prior to the official balloting process for the renewal of the PBID, TAVA is legally required to turn in a petition from property owners representing a majority of the total assessments to be paid (Attachment #1). The total annual assessment amount for the first year of the PBID is estimated to be \$455,000; therefore the petitions must represent more than \$227,500, of the total assessments. The City's petition will count toward this amount, since the City pays into the District. Staff is recommending the City Council approve the attached resolution authorizing the City Manager to sign the petition on behalf of the City.

ENVIRONMENTAL REVIEW

Environmental Notice

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. Notwithstanding the foregoing, the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines.

Environmental Determination

The proposed activity has been reviewed for compliance with the California Environmental Quality Act (CEQA) and it has been 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 the CEQA. Notwithstanding the foregoing it has also been determined that there is no possibility that the activity may have a significant effect on the environment; therefore, pursuant to

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Section 15061(b)(3) of the State CEQA Guidelines, the activity is not subject to the CEQA. Thus, no environmental review is required.

BOARD/COMMISSION RECOMMENDATION

Not Applicable.

DISCUSSION

Over the past 10 years, the PBID, under the management of TAVA, has operated the City's downtown business district. The PBID and TAVA have provided a unified voice and offered influence to help chart downtown's identity. New investment has added office buildings, restaurants and retail stores. Recent surveys of property and business owners indicate that Downtown has improved in the past ten years. PBID services are directly attributed to these positive changes. Additional accomplishments of the PBID, in collaboration with TAVA, include the following:

- Continued enhanced maintenance activities, including the removal of graffiti, periodic power washing of sidewalks, litter removal and clean-up after special events.
- Successfully executed Farmers market, Cinco de Mayo, Lemon Festival, Taste of Third Avenue, Holiday in the Village and Starlight Parade. These weekly, seasonal and/or annual events draw visitors and revenue to the Village.
- Held periodic meetings with the Executive Board and City Manager regarding PBID and TAVA matters.
- Assisted with the opening of new businesses in the Village district.

TAVA's new Management Plan (Attachment #2) lists economic development and marketing strategies that should be implemented, to support the growth and vitality of existing businesses, attract new businesses and enhance the image of downtown Chula Vista as a destination for consumer, investor and visitor markets.

To continue operation, the PBID must be renewed by June 2016 by a majority of returned property owner ballots via a weighted ballot process. A majority of the property owners must turn in a petition in order for the balloting process to move forward.

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 properties which are the subject of this action. Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and 18702.2(a)(11), 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 any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The renewal of the PBID supports the Economic Vitality goal as it advances existing businesses on Third Avenue, targets and attracts new businesses to Third Avenue, and engages the community to reinvest in Third Avenue.

CURRENT YEAR FISCAL IMPACT

There is no immediate fiscal effect associated with this item.

ONGOING FISCAL IMPACT

The inclusion of City properties within the PBID and the obligation to pay assessments to the District are already included in the General Fund operating budget. If the PBID is successfully renewed, all future assessments will continue to be included as part of the annual budget.

Currently, the PBID assessment is approximately \$86,000, of which are all City owned parcels. By comparison, the County of San Diego pays about \$60,000 annually.

Table 1 provides a breakdown of the proposed City assessments to the PBID starting January 2017:

Table 1: City of Chula Vista Property Assessments

PARCEL			
APN	OWNER NAME	Site Address	ASSMT 16/17
568-044-02-00	City Of Chula Vista	205 Landis Ave	\$693.78
568-044-09-00	City Of Chula Vista	999999 Landis Av	\$554.20
568-044-10-00	City Of Chula Vista	999999 Landis Av	\$1,397.75
568-044-11-00	City Of Chula Vista	999999 Landis Av	\$1,497.38
568-044-19-00	City Of Chula Vista	224 3Rd Ave	\$1,204.34
568-071-01-00	City Of Chula Vista	201 Third Av	\$1,495.71*
568-071-18-00	City Of Chula Vista	248 Church Ave	\$942.81
568-071-19-00	City Of Chula Vista	No Site Address	\$838.51
568-071-21-00	City Of Chula Vista	Church Ave	\$605.33*
568-071-22-00	City Of Chula Vista	230 Church Ave	\$639.18*
568-152-02-00	City Of Chula Vista	281 Landis Av	\$675.78
568-152-03-00	City Of Chula Vista	281 Landis Av	\$655.79
568-152-29-00	City Of Chula Vista	No Site Address	\$653.16
568-152-32-00	City Of Chula Vista	Landis Ave	\$3,238.68
568-153-02-00	City Of Chula Vista	365 F St	\$17,626.10
568-161-25-00	City Of Chula Vista	No Site Address	\$1,539.86
568-162-08-00	City Of Chula Vista	281 Church Ave	\$753.99*
568-162-09-00	City Of Chula Vista	287 Church Ave	\$642.76*
568-270-29-00	City Of Chula Vista	340 F St	\$13,972.01
568-270-31-00	City Of Chula Vista		\$15,646.11
568-300-44-00	City Of Chula Vista	352 Third Av	\$9,033.56
568-333-11-00	City Of Chula Vista	270 F St	\$6,479.23
568-334-05-00	City Of Chula Vista	288 Center St	\$948.78*

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568-334-06-00	City Of Chula Vista	336 Church Ave	\$648.50*
568-334-07-00	City Of Chula Vista	338 Church Ave	\$687.92*
568-334-08-00	City Of Chula Vista	342 Church Ave	\$680.96*
568-350-02-00	City Of Chula Vista	No Site Address	\$878.46
568-350-03-00	City Of Chula Vista	No Site Address	\$876.71
568-351-04-00	City Of Chula Vista	Church Ave	\$906.78*
568-351-05-00	City Of Chula Vista	Church Ave	\$339.98*
SUBTOTAL CITY:			\$86,754.09
573-100-38-00	County Of San Diego	590 Third Av	\$14,917.24
573-100-39-00	County Of San Diego	500 Third Av	\$47,734.21
SUBTOTAL COUNTY:			\$62,651.45
TOTAL PUBLIC AGENCY:			\$149,405.54

Assuming the District renewal is ultimately approved by property owner ballot, the City will be obligated to assessment payments of approximately \$86,000 per year. This amount could be adjusted upwards by a cost of living provision of no more than five percent per annum. These assessments would be an obligation of the General Fund.

In addition, as required by the State Constitution Article XIID Section 4(a), the general benefits of an assessment district must be quantified and separated out so that the cost of the activities that are attributed to general benefit are deducted from the cost assessed against each specially benefitted parcel. The general benefit analysis (Attachment #2, pg.15-16) indicates that \$5,348 may be attributed to general benefit to the public at large, and can increase by the maximum 5% inflation factor as shown in Table 2.

Table 2: General Benefit Analysis Ten-Year Projection

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
General Benefit Allocation	\$5,348	\$5,615.45	\$5,896.22	\$6,195.03	\$6,504.78	\$6,830.02	\$7,171.52	\$7,530.10	\$7,906.61	\$8,301.94

However, these costs can be offset after the sale of the four former redevelopment parking lots and the property corner of 3rd and E Street (* Table 1). When sold the City can anticipate saving approximately \$8,000 in assessment payments.

ATTACHMENTS

Attachment #1 - City of Chula Vista Petition

Attachment #2 - Downtown Chula Vista Property-Based Business Improvement District Management District Plan

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Staff Contact: Mariana Garcia, Project Coordinator, Economic Development Department.