



City of Chula Vista

Staff Report

File#: 16-0110, Item#: 14

CONSIDERATION OF AUTHORIZING THE LEVY AND COLLECTION OF ASSESSMENTS AND THE RENEWAL OF THE DOWNTOWN CHULA VISTA PROPERTY-BASED IMPROVEMENT DISTRICT (PBID) FOR A PERIOD OF TEN YEARS

RESOLUTION NO. 2016-122 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA ACCEPTING THE MANAGEMENT DISTRICT PLAN AND FINAL ENGINEER'S REPORT, RENEWING THE DOWNTOWN CHULA VISTA PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT FOR A PERIOD OF TEN YEARS AND AUTHORIZING THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN SUCH DISTRICT, AND APPROVING THE "THIRD AVENUE VILLAGE AGREEMENT AND ENCROACHMENT PERMIT FOR MAINTENANCE SERVICES BETWEEN THE CITY OF CHULA VISTA AND THE THIRD AVENUE VILLAGE ASSOCIATION"

RECOMMENDED ACTION

Council conduct the public hearing and 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 the Third Avenue Village Association (TAVA), the PBID was inaugurated for a five-year term beginning in 2001, and renewed in 2006 for a period of ten years, to expire December 31, 2016. In order to continue operation, the PBID must be renewed by June 2016, by a majority of returned property owner ballots weighted by the financial obligations of the assessment to be paid.

The next step in the PBID renewal process is for the City Council to conduct a public hearing to consider approval of the resolution to authorize the levy and collection of assessments and the renewal of the PBID for a period of ten years, effective January 1, 2017. At the public hearing, the Council will authorize the City Clerk's office to open and count the ballots to determine the results of the PBID ballot procedure pursuant to Proposition 218. In order to continue operation, the PBID must be renewed by June 2016, by a majority of returned property owner ballots weighted by the financial obligations of the assessment to be paid. If the returned ballot results meet this requirement, the City Council will declare the results of the ballots, approve the resolution to authorize the levy and collection of assessments and the renewal of the PBID for a period of ten years, effective January 1, 2017.

If the PBID is renewed, staff recommends council accept and approve the "Third Avenue Village Agreement and Encroachment Permit for Maintenance Services Between the City of Chula Vista and the Third Avenue Village Association," (Agreement) setting forth the agreement between the City and TAVA, the owners' association, regarding maintenance to be performed in the PBID.

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 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

The renewal of the Property-Based Business improvement District (PBID) for Downtown Chula Vista will continue to help promote and improve the economic revitalization and physical maintenance of Chula Vista's historic core. A petition drive to establish support for the renewal of the Property-Based Business Improvement District (PBID) for Downtown Chula Vista was conducted during February to April of 2016 by TAVA. The petition drive was successful in gaining the signatures of over fifty percent of affected property owners within the proposed District. The City acted on February 23, 2016, to support the renewal of the PBID and to sign the petition for all City-owned parcels within the District.

On April 26, 2016 the City provided preliminary approval of the Final Engineer's Report, which is a component of the Management District Plan (Attachment #1) and adopted the Resolution of Intent that formally began the process of renewing the PBID for a ten-year period, which was subject to a vote of all affected property owners, pursuant of Proposition 218. The Management District Plan and Engineer's Report are prepared pursuant to State Law (Section 36600 et. Seq. of the California Streets and Highways Code) and provides a detailed description of the improvements and activities to be provided, an estimate of the cost of the improvements and activities, the methodology for determining assessment, and an assessment roll showing the amount proposed to be specially assessed against each parcel of real property within this assessment district. The action to adopt the Resolution of Intent was predicated on the success of the petition drive. The petition drive requires that property owners, representing fifty percent of the total assessment proposed to be levied, which totals \$455,000, to support the district formation. This threshold was reached with over \$227,500 of assessed valuation supporting the formation of the District.

Pursuant to Proposition 218, ballots were sent out on April 28, 2016, along with the formal Notice of Public Hearing to all property owners in the proposed district. The ballots will be opened and counted after the close of tonight's public hearing. In order to continue operation, the PBID must be renewed

by June 2016, by a majority of returned property owner ballots weighted by the financial obligations of the assessment to be paid. If this goal is reached, Council will declare the results of the ballots process, approve the resolution authorizing the levy and collection of assessments and the renewal of the PBID for a period of ten years, effective January 1, 2017.

Additionally, Attachment #2 is the final "Third Avenue Village Agreement and Encroachment Permit for Maintenance Services between the City of Chula Vista and the Third Avenue Village Association" (Agreement). The prior Maintenance Agreement will expire on June 30, 2016. This new Agreement clarifies maintenance responsibilities and serves as the encroachment permit and contract required for TAVA to conduct the services and activities contemplated in the Agreement, Management District Plan and Engineers Report. If the PBID is renewed, staff recommends council accept and approve this Agreement to continue having TAVA administer the PBID services and activities in accordance with Section 36651 of the California Streets and Highways Code as well as the Management District Plan and Final Engineers Report.

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

Should the PBID be successfully renewed, the City will be obligated to assessment payments of approximately \$86,000 per year, or \$860,000 for the ten year renewal period. This amount will be reduced with the sale of the former redevelopment agency owned parcels. The remaining balance could be adjusted slightly upwards by a cost of living provision within the District documents, which by law cannot exceed five percent. These assessments would be paid from the General Fund.

ATTACHMENTS

Attachment #1: Management District Plan, dated January 2016, and Final Engineer's Report dated April 2016

Attachment #2: Third Avenue Village Agreement and Encroachment Permit for Maintenance Services between the City of Chula Vista and the Third Avenue Village Association

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Staff Contact: Eric Crockett, Economic Development Director