

DRAFT**RESOLUTION xxxx****RESOLUTION AUTHORIZING (A) JOINT COMMUNITY FACILITIES AGREEMENT WITH THE CITY OF CHULA VISTA FOR THE BAYFRONT PROJECT SPECIAL TAX FINANCING DISTRICT, WITH CONDITIONS; AND (B) THE VOTE OF THE DISTRICT IN FAVOR OF THE BAYFRONT PROJECT SPECIAL TAX FINANCING DISTRICT, WITH CONDITIONS**

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix I (Port Act); and

WHEREAS, the financing agreement (Financing Agreement) for the Chula Vista Bayfront Master Plan (CVBMP) was entered into between the District and the City of Chula Vista (City) in 2012 and subsequently amended and restated on June 20, 2017 (Amended and Restated Financing Agreement); and

WHEREAS, the Amended and Restated Financing Agreement sets forth the framework for the financing and development of the public improvements and infrastructure (Phase 1A Infrastructure) necessary for the development of a resort hotel and convention center (RHCC) within the CVBMP and the convention center component of the RHCC (Convention Center); and

WHEREAS, the Convention Center and Phase 1A Infrastructure are referred to collectively as, the Public Improvements, and the RHCC and Phase 1 Infrastructure are collectively referred to as, the Project; and

WHEREAS, the development of the Public Improvements is necessary for the implementation of the CVBMP in accordance with the certified Final Environmental Impact Report (FEIR) and Port Master Plan Amendment, and for other development within the CVBMP to move forward; and

WHEREAS, in the process of evaluating the financial feasibility of the Project, it was determined that for the Project to be developed, a public financial subsidy would be needed (Public Contribution).

WHEREAS, the Public Contribution is anticipated to be delivered to the Project through future bond offerings to be issued by the Chula Vista Bayfront Facilities Financing Authority (JEPA); and

XXXX

WHEREAS, a Disposition and Development Agreement was entered into among RIDA Chula Vista, LLC (RIDA), the District, and the City dated May 7, 2018 (DDA) to set forth the necessary steps that must be completed for the parties to issue the public and private financing for the Project and commence construction of the Project, ultimately leading to a ground lease and related subleases for the development and operations of a world-class hotel and convention center; and

WHEREAS, the Amended and Restated Financing Agreement also contemplated that the City would contribute revenues generated by a special tax district; and

WHEREAS, the special tax district under consideration would be called the Bayfront Project Special Tax Financing District (Special Tax District); and

WHEREAS, the funds from the Special Tax District (Special Tax Revenues) were expected to be used to pay for the costs of the Public Improvements; and

WHEREAS, the Schedule of Performance attached to the DDA contemplated that the City would complete all documents and actions necessary to commence formation of the Special Tax District by November of 2018 and authorize the levy of the tax after certain actions had been taken by the parties to the DDA, such as the approval of the Plan of Finance and preparation of the bond documents for the bond issuance by the JEPA; and

WHEREAS, RIDA's development schedule contemplates that the close of escrow under the DDA will occur in 2020; and

WHEREAS, to make this happen, the District and City need the Special Tax Revenues from the Special Tax District to make the Project economically feasible; and

WHEREAS, a funding mechanism that would contribute an amount equal to 5% of room occupancy revenue from the RHCC and new recreational vehicle (RV) park is essential to the economic feasibility of the Project; and

WHEREAS, through ongoing discussions with the City, it has become clear that a source for payment of the operations and maintenance (O&M) of the various public improvements throughout the CVBMP is essential to reduce the general fund exposure to both the City and District; and

WHEREAS, it has become clear to the District and the City that the Special Tax Revenues may also be used to fund public improvements already contemplated by both parties, such as the Convention Center and 1600-space parking garage primarily serving Parcel H-3 (Parking Garage); and

WHEREAS, staff has engaged in conversations with City staff to refine the

XXXX

details of a Special Tax District covering the CVBMP and has negotiated a Joint Community Facilities Agreement (Agreement) with the City which sets forth the terms upon which the District would agree that the City can proceed with the formation of the Special Tax District and the remaining details that must be set forth in a more detailed version of this Agreement, an implementation agreement (Implementation Agreement), that would be materially consistent with the terms of this Agreement; and

WHEREAS, the proposed boundary map for the Special Tax District includes Parcels H-3, H-23, O-3A, O-3B and S-1, which are the sites of the RHCC (H-3), a potential overflow hotel for the RHCC and surface parking (H-23), and the new recreational vehicle (RV) park under construction by Sun Chula Vista Bayfront RV LLC (S-1, O-3A, and O-3B); and

WHEREAS, in addition to these parcels, the Special Tax District also includes parcels owned by the City, Pacifica, MTS, SDG&E, LDA, and the owner of Seven Mile casino, but the District is the majority landowner of the Special Tax District boundary area; and

WHEREAS, the parcels owned by the City are located adjacent to the CVBMP (east of the 5 Freeway) and are proposed for hotel development; and

WHEREAS, the term of the Special Tax District would be 40 years: and

WHEREAS, the proposed priority use of the Special Tax Revenues would be for the financing of the construction of the following improvements in the following order of priority (collectively the Priority Improvements): (1) approximately 275,000 net useable square foot Convention Center, (2) Phase 1A Infrastructure, and (3) Parking Garage (not to exceed \$40 million); and

WHEREAS, if Special Tax Revenues are remaining after the Priority Improvements, the Special Tax Revenues would be used to finance the O&M for the Phase 1A Infrastructure (Priority O&M); and

WHEREAS, if there are Special Tax Revenues remaining after the Priority Improvements and Priority O&M, the Special Tax Revenues would be used to fund (1) construction of other improvements within the CVBMP or (2) a mitigation measure outside the CVBMP if required to be performed by the District or City pursuant to the Mitigation, Monitoring and Reporting Plan (MMRP) attached to the FEIR (collectively, Other Uses); and

WHEREAS, the District would have the right to be reimbursed for its contributions of general fund revenues toward the Priority Improvements, Priority O&M and Other Uses provided that such amounts would be reduced by any amounts that have already been reimbursed to the District through other sources; and

XXXX

WHEREAS, the District may receive the reimbursement in installments and may request the reimbursement within three years after completion or delivery; and

WHEREAS, the District would have the right to vote on any material changes to the formation documents of the Special Tax District in accordance with Section 3.61 of the City Municipal Code or the Mello-Roos Community Facilities Act of 1982; and

WHEREAS, staff has determined that this Agreement will be beneficial to the residents, the tenants, and visitors of the Special Tax District area; and

WHEREAS, staff recommends that the BPC authorize the Executive Director, or her designee, to enter into the Agreement, in substantially the form presented to the BPC at the November 5, 2019 BPC meeting, which would lead to the Implementation Agreement to be presented to the BPC for its consideration in December 2019; and

WHEREAS, staff also recommends that the BPC authorize the Executive Director, or her designee, to vote in favor of the Special Tax District conditioned on the City Council authorizing the Agreement in substantially the same form presented to the BPC on November 5, 2019 and approving the formation documents for the Special Tax District substantially in the form attached to the Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District (BPC), that:

(A) Based on the foregoing Recitals, the BPC has determined that this Agreement will be beneficial to the residents, the tenants, and visitors of the Bayfront Project Special Tax Financing District (Special Tax District); and

(B) the Executive Director, or her designee, is hereby authorized to enter into the Joint Community Facilities Agreement (Agreement) with the City of Chula Vista for the Special Tax District, in substantially the form presented to the BPC at the November 5, 2019 BPC meeting; and

(C) the Executive Director, or her designee, is hereby authorized to vote in favor of the Special Tax District conditioned on the City Council authorizing the Agreement in substantially the same form presented to the BPC on November 5, 2019 and approving the formation documents for the Special Tax District substantially in the form attached to the Agreement.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

XXXX

By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 5th day of November 2019, by the following vote: