

DRAFT

SAN DIEGO UNIFIED PORT DISTRICT

ORDINANCE xxxx

**ORDINANCE AUTHORIZING (A) JOINT
COMMUNITY FACILITIES AGREEMENT WITH THE
CITY OF CHULA VISTA FOR THE BAYFRONT
PROJECT SPECIAL TAX FINANCING DISTRICT;
AND (B) VOTE IN FAVOR OF PROPOSITIONS A, B,
AND C RELATED TO THE BAYFRONT PROJECT
SPECIAL TAX FINANCING DISTRICT**

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, the Amended and Restated Financing Agreement also contemplated that the City would contribute revenues generated by a special tax district toward the debt service for the Public Contribution; and

WHEREAS, the special tax district contemplated here would be called the Bayfront Project Special Tax Financing District (Special Tax District) and 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

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WHEREAS, on November 5, 2019, the Board of Port Commissioners (BPC) authorized the Executive Director, or her designee, to enter into the Joint Community Facilities Agreement (Agreement) with the City for the Special Tax District in substantially the form presented to the BPC at the November 5, 2019 meeting; and

WHEREAS, on November 5, 2019, the BPC also authorized 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; and

WHEREAS, on November 19, 2019, the Chula Vista City Council approved the Agreement and the formation of the Special Tax District (See Attachment B to the corresponding agenda sheet (City Council Resolutions)), with some modifications to the formation resolution (Formation Resolution) attached to the Agreement when it was presented to the BPC; and

WHEREAS, there are three major changes to the Formation Resolution attached to the Agreement as follows: (1) the term of the Special Tax District is extended to more than forty (40) fiscal years to give the Special Tax District some flexibility to extend the term of the Special Tax District beyond the original forty (40) years should revenues from the Special Tax District be needed to help pay for the bonds that would be issued by the Chula Vista Bayfront Facilities Financing Authority (JEPA) to help pay for the public improvements for the Project; (2) the changes to the Formation Resolution further clarify that the improvements and services are only to be located within the CVBMP, or if located outside the CVBMP, only if they are required by the mitigation measures specified in the Project EIR (as defined in the Agreement) for which the City and District are responsible; and (3) the changes to the Formation Resolution further clarify that the special taxes are only levied on and constitute a lien against the operator's leasehold or possessory interest, and are not the obligation of the landowner; and

WHEREAS, since the Formation Resolution is not substantially the same as the Formation Resolution presented to the BPC in November 2019, staff is requesting that the BPC authorize the Executive Director, or her designee, to execute the revised Agreement, as attached as Attachment A to the agenda sheet; and

WHEREAS, staff is also requesting specific direction from the BPC on how the District should vote on each of the respective propositions for the Special Tax District; and

WHEREAS, Proposition A is a measure authorizing the Special Tax District to levy special taxes at rates not to exceed 5 percent of Rent charged on Hotel

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Property and Campsite Property within the District; and

WHEREAS, Proposition B is a measure authorizing the Special Tax District to incur a bonded indebtedness in an amount not to exceed \$175,000,000, to be secured by special taxes subject to the approval of Proposition A above; and

WHEREAS, Proposition C is a measure establishing an Article XIII B appropriations limit equal to \$125,000,000 for the Special Tax District; and

WHEREAS, the landowners affected by the Special Tax District are slated to vote on the Special Tax District on February 18, 2020; and

WHEREAS, staff recommends that the Executive Director, or her designee, vote: (1) Yes on Proposition A (Levy Special Taxes at Rates not to Exceed 5% of Rent charged on Hotel Property and Campsite Property); (2) Yes on Proposition B (Incur Indebtedness Not to Exceed \$175,000,000); and (3) Yes on Proposition C (Appropriations Limit Equal to \$125,000,000); and

WHEREAS, if the BPC authorizes the Agreement as revised and attached as Attachment A to the agenda sheet and authorizes the Executive Director, or her designee to vote in favor of Propositions A, B, and C, this action will supersede the action previously given by the BPC at the November 5, 2019 BPC meeting pursuant to Resolution 2019-141.

NOW, THEREFORE, the Board of Port Commissioners of the San Diego Unified Port District does ordain as follows:

Section 1. The Executive Director or her designated representative is hereby authorized to execute the revised Joint Community Facilities Agreement with the City for the Bayfront Project Special Tax Financing District.

Section 2. The Executive Director or her designated representative is hereby authorized to vote in favor of Propositions A, B, and C related to the Bayfront Project Special Tax Financing District as follows: (1) Yes on Proposition A (Levy Special Taxes at Rates not to Exceed 5% of Rent charged on Hotel Property and Campsite Property); (2) Yes on Proposition B (Incur Indebtedness Not to Exceed \$175,000,000); and (3) Yes on Proposition C (Appropriations Limit Equal to \$125,000,000).

Section 2. This ordinance shall take effect upon the 31st day from the date of its passage by the Board of Port Commissioners.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

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By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 9th day of January 2020, by the following vote: