

RESOLUTION 2019-122

RESOLUTION AUTHORIZING THE CHULA VISTA BAYFRONT PROJECT FUNDING AGREEMENT BY AND AMONG THE COUNTY OF SAN DIEGO, THE CITY OF CHULA VISTA, THE SAN DIEGO UNIFIED PORT DISTRICT AND THE CHULA VISTA BAYFRONT FACILITIES FINANCING AUTHORITY FOR A \$25 MILLION CONTRIBUTION, 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 Chula Vista Bayfront Master Plan (CVBMP) is the result of a decade-long joint planning effort by the San Diego Unified Port District (District), the City of Chula Vista (City), and a broad coalition of stakeholders; and

WHEREAS, the CVBMP was collaboratively planned through an extensive public participation program that included over 100 community meetings and resulted in a comprehensive Environmental Impact Report (EIR) and Port Master Plan Amendment, which was approved by the Board of Port Commissioners (BPC) in May 2010 and certified by the California Coastal Commission (CCC) in August 2012; and

WHEREAS, the District and City (Public Entities) entered into a financing agreement for the CVBMP on May 8, 2012 (Financing Agreement); and

WHEREAS, the Financing Agreement set forth the framework for the financing and development of the public improvements and infrastructure within the CVBMP, specifically the Phase 1A Infrastructure, by the Public Entities to promote public access to and engagement with, the water, while enhancing the quality and protection of key habitat areas, with the ultimate goal of creating a world-class bayfront through strong planning and design, economic feasibility and community outreach; and

WHEREAS, as the design and implementation of the resort hotel and convention center (RHCC) has evolved, the Public Entities have further refined each entity's anticipated revenue sources and such changes have been memorialized in the Amended and Restated Chula Vista Bayfront Master Plan Financing Agreement dated June 20, 2017 (A&R Financing Agreement); and

WHEREAS, both the Financing Agreement and A&R Financing Agreement anticipated as a funding source for the public improvements a form of incremental property tax revenue, whether through bonds issued by an Enhanced Infrastructure Financing District (EIFD), or if an EIFD is not formed, through an amount equal to the City's share of such property tax revenues generated from the RHCC; and

WHEREAS, the Phase 1A of CVBMP includes the RHCC, located on approximately 36 acres of land within the CVBMP (Site), and is the catalyst project for the Chula Vista Bayfront (CVB) with the goal to not only provide a world-class hotel and convention center to the region, but also provide a revenue vehicle to allow the District and the City to build future parks, restore sensitive habitat, and construct public infrastructure on the CVB; and

WHEREAS, the RHCC and the public infrastructure component of the Phase 1A (Phase 1A Infrastructure) are collectively referred to herein, as the "Project"; and

WHEREAS, the Phase 1A Infrastructure includes items such as Harbor Park, Sweetwater Signature Park, improvements to E Street, F Street, G Street, and H Street, Gunpowder Point Drive Relocation, the Sweetwater Buffers, the H-3 Utility Corridor and Site Prep, and the G Street Sewer Pump Station; and

WHEREAS, in September 2019, the District, City and the Chula Vista Bayfront Facilities Financing Authority (Authority) reached out to the County of San Diego (County) to request a \$25 Million contribution (Contribution) to be used toward the construction of the Phase 1A Infrastructure; and

WHEREAS, in response, staff is negotiating the Chula Vista Bayfront Project Funding Agreement (Funding Agreement) with the County, the City, and the Authority to provide for the Contribution toward the Project to be delivered by the County in three separate installments of \$8,333,333 over a period of approximately three years following the commencement of construction of the RHCC or July 1, 2020, whichever is earlier; and

WHEREAS, the County would not be required to make the Contribution if the construction of the RHCC does not commence; and

WHEREAS, the Contribution would be paid to the Authority and used by the District, the City and the Authority to pay for the construction of the Phase 1A Infrastructure; and

WHEREAS, the Contribution would be repaid to the County through a percentage of the property tax revenue generated from the CVBMP (Property Tax Increment) that is actually received by the County, as may be supplemented by a payment from the District if the amount received by the County in any given year of the term is less than the projected Property Tax Increment for such year of the term of the Agreement (Shortfall Payment); and •

WHEREAS, the principal of the Contribution may also be paid down by any amount of funds contributed by the City from amounts awarded to the City through current litigation between the City and the County (Redevelopment Litigation) and any funds received by the County in excess of the projected Property Tax Increment if they are equal or greater than the outstanding balance of the Contribution; and

WHEREAS, the balance of the Contribution that is not paid by the Property Tax Increment, a Shortfall Payment, or the Redevelopment Litigation will accrue interest at a rate of three percent; and

WHEREAS, the District, the City, and the Authority would have fifteen years to pay the Contribution plus any applicable interest; and

WHEREAS, to make sure the District and the City are made whole for any amounts each pays towards the Contribution, the Funding Agreement would require that the District and the City amend the Revenue Sharing Agreement dated April 24, 2018 (District Clerk No. 68392) to provide for the priority reimbursement to the City and the District for such amounts that they contribute toward the Contribution; and

WHEREAS, as part of the Funding Agreement, the District, the Authority and the City would also be required to collectively indemnify, defend, and hold harmless the County, its officers, directors, employees and agents (Indemnified Parties) for any loss, cost, claim, liability or expense that directly arises out of the County's funding of the Chula Vista Bayfront Project pursuant to the Funding Agreement, except for losses, costs, claims, liability or expense that is adjudged to be attributable to the County's negligence or willful misconduct; and

WHEREAS, the City Council is scheduled to consider the Funding Agreement on October 8, 2019, the Authority is scheduled to consider the Funding Agreement on October 9, 2019, and the County is scheduled to consider the Funding Agreement on October 15, 2019; and

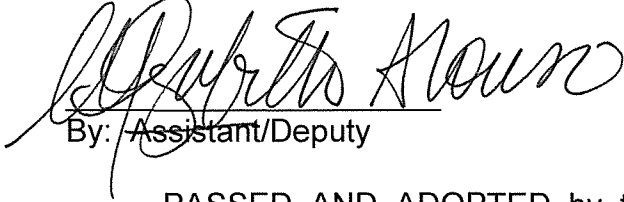
WHEREAS, staff believes the Contribution is critical to the success of the CVBMP and therefore recommends that the BPC authorize staff to enter into the Funding Agreement substantially in the form presented to the BPC at the BPC meeting.

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

That the Executive Director or her designated representative is hereby authorized on behalf of the San Diego Unified Port District (District) to enter into the Chula Vista Bayfront Project Funding Agreement by and among the County of San Diego, the City of Chula Vista, the District and the Chula Vista Bayfront Facilities Financing

Authority substantially in the form presented to the BPC at the October 8, 2019 BPC meeting.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL


By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 8th day of October 2019, by the following vote:

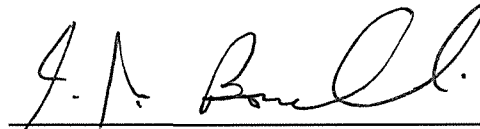
AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, Valderrama, and Zucchet

NAYS: None.

EXCUSED: None.

ABSENT: None.

ABSTAIN: None.



Garry J. Bonelli, Chairman
Board of Port Commissioners

ATTEST:


Donna Morales
District Clerk

(Seal)