

AGENDA ITEM #: 13. A. 11

AGENDA REPORT

Date:

April 18, 2017

To:

City Manager for Council Action

From:

Director of Public Works/City Engineer

Subject: Adoption a Resolution of Intention to Order that the Alternative Method for the Levy of Benefit Assessment Be Made Applicable to the City of Santa Clara Convention

Center Complex Maintenance District No. 183, Set a Hearing Date of June 6, 2017 to Approve the Director's Report for Fiscal Year 2017/18 and Authorize the Publication

and Posting of the Notice of Public Hearing as Stated in the Resolution

EXECUTIVE SUMMARY

The original lease agreements between the Redevelopment Agency of the City of Santa Clara (Former RDA), Santa Clara Convention Hotel Limited Partnership (Hotel), and SCCC Associates II (Techmart) provided for the formation of Maintenance District No. 183 (District) to apportion the funds necessary to maintain and operate the common improvements serving the Convention Center, Hotel, and Techmart. Equity Office currently operates Techmart and is responsible for a portion of the FY 2017/18 assessment. The current hotel operator is the Hyatt Hotel group. The Convention Center building is owned by the City of Santa Clara (City) which is responsible for that share of the assessment.

The common improvements generally consist of, but are not limited to, surface and structural (parking garage) parking areas, landscaping, roadway, pedestrian bridges, space frames, lighting, etc. In addition to the costs of maintaining and operating the common improvements, the proposed total cost includes expenses relating to the City's cost to administer the District, insurance and utilities. The Director's Report in the attached Resolution of Intention shows the formula for the annual assessment levy, parcel descriptions, and amount of assessment to be levied against each parcel. Staff met with property owners and all interested tenants to discuss the report on April 6, 2017. A second meeting will also be held to continue to discuss any questions about the Director's Report on May 4, 2017.

A resolution entitled "A Resolution Ordering That The Alternative Method For The Levy of Benefit Assessment Be Made Applicable To City of Santa Clara Convention Center Complex Maintenance District No. 183, and Approving, Confirming, And Adopting Director's Report For Fiscal Year 2017/18 has been prepared and is attached hereto. The resolution sets June 6, 2017 as the hearing date.

ADVANTAGES AND DISADVANTAGES OF ISSUE

Approval of the proposed assessment would allow for the continued maintenance of common improvements at the Convention Center Complex.

Subject: Adoption a Resolution of Intention to Order that the Alternative Method for the Levy of Benefit Assessment Be Made Applicable to the City of Santa Clara Convention Center Complex Maintenance District No. 183, Set a Hearing Date of June 6, 2017 to Approve the Director's Report for Fiscal Year 2017/18 and Authorize the Publication and Posting of the Notice of Public Hearing as Stated in the Resolution Page 2

ECONOMIC/FISCAL IMPACT

The total maintenance cost for MD #183 is estimated at \$1,488,685. Approval of the assessment would result in the City collecting \$818,744 in revenue from the Hotel and Techmart to fund the maintenance of common improvements at the Convention Center Complex. The balance of the cost (\$699,941) would be funded by the City as the owner of the Convention Center building.

RECOMMENDATION

That the Council:

- Adopt a Resolution of Intention to order that the alternative method for the levy of benefit assessment be made applicable to the Santa Clara Convention Center Complex Maintenance District No. 183, and
- 2. Set a hearing date for June 6, 2017 to consider the Director's Report and authorize the publication, mailing, and posting of the notice of public hearing as stated in the Resolution.

for

Director of Public Worker City Engineer

APPROVED:

Rajeev Batra

Interim City Manager

Documents Related to this Report:

- 1) Resolution of Intention
- 2) Notice of Public Hearing for Publication by City Clerk

Subject: Adoption a Resolution of Intention to Order that the Alternative Method for the Levy of Benefit Assessment Be Made Applicable to the City of Santa Clara Convention Center Complex Maintenance District No. 183, Set a Hearing Date of June 6, 2017 to Approve the Director's Report for Fiscal Year 2017/18 and Authorize the Publication and Posting of the Notice of Public Hearing as Stated in the Resolution Page 3

DISCUSSION

In April 1980, the City Council adopted an ordinance providing for an alternative method for annually fixing and levying a special benefit assessment within maintenance districts of the City of Santa Clara. The ordinance was required because Proposition 13 debarred the City from continuing its practice of assessing maintenance costs based upon assessed value.

The ordinance requires that a report be prepared each fiscal year for each maintenance district, setting forth the budget for the ensuing year, the formula for the annual assessment levy, and a description of each property, including the amount of assessment to be levied against each lot. A copy of the Director's Report for fiscal year 2017/18 has been prepared and a copy will be sent to each property owner. This report has also been filed with the City Clerk as required by the ordinance.

A meeting date of April 6, 2017 was set to first meet with the property owners and any interested tenants to discuss the proposed fiscal year 2017/18 expenditures that are part of the Director's Report. A second meeting date of May 4, 2017, will also be held to continue to discuss any questions about the Director's Report.

In conjunction with the report, the Council is required to hold a public hearing. The confirmed assessments are sent out by the City for collection.

Entity	FY2017/18 Total Assessment	(Less) Prior Years Surplus	FY2017/18 Net Assessment
City of Santa Clara (Convention Center)	\$669,941	(\$0)	\$669,941
Hyatt Regency Hotel Santa Clara	\$316,265	(\$0)	\$316,265
Equity Office Techmart	\$502,479	(\$0)	\$502,479
TOTAL	\$1,488,685	(\$0)	\$1,488,685

KESOLOTION NO.	LUTION NO.	
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A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA OF INTENTION TO ORDER THAT THE ALTERNATIVE METHOD FOR THE LEVY OF BENEFIT ASSESSMENT BE MADE APPLICABLE TO CITY OF SANTA CLARA CONVENTION CENTER COMPLEX MAINTENANCE DISTRICT NO. 183, PROVIDING FOR NOTICE OF HEARING THEREON, APPROVING THE DISTRIBUTION OF THE DIRECTOR'S REPORT, AND PROVIDING FOR NOTICE OF HEARING ON DIRECTOR'S REPORT FOR FISCAL YEAR 2017/18

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, pursuant to Chapter 16.10 of "The Code of the City of Santa Clara, California" ("City Code"), the City Council of the City of Santa Clara, California ("Council") adopted Resolution No. 5081 on June 3, 1986, creating "City of Santa Clara Convention Center Complex Maintenance District No. 183" ("District") in the City of Santa Clara, California ("City"). Resolution No. 5081 also ordered that the costs and expenses of maintaining and operating the on-site public improvements ("Public Improvements") on the property within the District, including the cost of necessary repairs, replacements, fuel, power, electrical current, care, supervision and any and all other items necessary for the proper maintenance and operation of the Public Improvements be raised by the levy of an annual special benefit assessment apportioned according to special benefits conferred among the parcels of property within the District in accordance with a formula set forth in Resolution No. 5081, and in accordance with and pursuant to the provisions for the alternative method for the levy of benefit assessments in maintenance districts in the City as provided in the City Code;

WHEREAS, Resolution No. 5081 provided that the Council shall, in addition to all other taxes, annually fix and levy a special assessment tax upon the real property (land and improvements) within the District as therein provided, sufficient to raise the amount of money necessary to pay the annual costs of maintenance and operation;

WHEREAS, the Council adopted Ordinance No. 1401 on April 8, 1980, which provided for an alternative method for annually fixing and levying a special benefit assessment within maintenance districts located in the City for said purpose;

WHEREAS, in the opinion of this Council, the annual costs of maintenance and operation of the Public Improvements shall be appropriately financed pursuant to the provisions of Ordinance No. 1401 and Resolution No. 5081 and related provisions of the City Code;

WHEREAS, pursuant to the provisions of Resolution No. 5081, the City's Director of Public Works/City Engineer has made and filed with the City Clerk a written report ("Director's Report") setting forth the budget, the formula for the annual assessment levy, a description of each lot or parcel of property to be assessed and the amount of the assessment to be levied against each lot or parcel of property in accordance with said formula. The costs of operation, maintenance, and servicing of improvements to be funded by the District are apportioned to each parcel in proportion to the special benefit it receives;

WHEREAS, City staff met with the affected property owners on April 6, 2017 to discuss the Director's report;

WHEREAS, Proposition 218 passed by the voters in the general election on November 5, 1996, added Articles XIIIC and XIIID to the State of California Constitution which require the property owners within the District to annually approve any assessment increase that is more than any previous assessment;

WHEREAS, in the event of an assessment that is greater than any previous assessment, the procedures of approval under Proposition 218 not only require the preparation of a Director's Report on how the assessments were prepared and based, but further necessitate a written ballot ("Ballot") to be returned in order to determine approval of any assessment increases for the District;

WHEREAS, the Director's report, ballot, and public hearing notice are to be sent out at least 45 days in advance of the public hearing to all property owners, and any tenants within the District

who are responsible for paying such assessment;

WHEREAS, in the event of an assessment that is greater than any previous assessment, a majority weighted vote of the Ballots (weighting determined by an amount of assessment paid), must be received in order to approve any proposed increase in assessment:

WHEREAS, for Fiscal Year 2017-18, the assessments are increasing and therefore, Proposition 218 requirements do apply; and

WHEREAS, the Council has duly considered the Director's Report and finds that it is sufficient and does not require modification.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

- That the recitals set forth above are true and correct and by this reference, the Council makes them a part hereof.
- 2. That the public interest and convenience require and this Council hereby orders that the costs and expenses of acquiring, constructing, reconstructing, installing, extending, enlarging, repairing, improving, maintaining and operating the Public Improvements now existing or hereafter to be constructed in and for the District which benefit the District as a whole, including the cost of necessary repairs, replacements, water, fuel, power, gas, electric current, care, supervision and any and all other items necessary for the proper maintenance and operation thereof, and of all additions, improvements and enlargements thereto which may hereafter be made, be raised by an annual special benefit assessment in accordance with and pursuant to the provisions for the alternative method for the levy of benefit assessments in maintenance districts in the City, as provided in Section 16.10.490 and Section 16.10.500 of the City Code, on all lots or parcels of property within the District.
- 3. That the costs and expenses of maintaining and operating the Public Improvements within the District shall annually be assessed, either partly or wholly, upon the benefited lots and parcels of property within the District by apportioning the costs and expenses according to

benefits in proportion to the special benefits received by each lot or parcel of property within the District in accordance with the formula set forth in EXHIBIT "B" of Resolution No. 5081.

- 4. That the City Manager caused a budget to be prepared for the costs of the expenses of maintaining and operating the Public Improvements during fiscal year 2017/18 and the Director of Public Works/City Engineer prepared and filed a Director's Report with the City Clerk which provides the basis for the levy of benefit assessments for the cost of maintenance and operation on all lots or parcels of property within the District.
- 5. NOTICE IS HEREBY GIVEN that on Tuesday, June 6, 2017, at 7:00 p.m., at its regular meeting place in the Council Chambers at City Hall, 1500 Warburton Avenue, Santa Clara, California, the Council will hold a public hearing during which it will hear any and all evidence and protests relating to said alternative method for the levy of benefit assessments and said formula for the District, and if the assessment is greater than any previous assessment, certify any ballots received and determine any weighted vote necessary, examine said Director's Report and hear all persons interested therein. Any interested property owner, who objects to the alternative method for the levy of benefit assessments, the formula, or to the amount of the assessment on any lot or parcel of property owned by him/her, may file a signed written protest with the City Clerk before the commencement of the Council meeting during which the public hearing will be held, describing the lot or parcel of property owned by him/her so that it may be identified and stating the grounds of his/her protest. The property owner may appear at the hearing and be heard with regard to his/her protest.
- 6. Written Ballots are to be completed and returned to the City Clerk's office not later than Tuesday, June 6, 2017, at 7:00 p.m., or at the time this matter is heard.
- 7. The City Clerk is hereby authorized and directed to a) post a copy of notice of hearing on or near the Council Chamber door or any bulletin board in or adjacent to the City Hall and b) publish a copy of notice of hearing at least once in a newspaper of general circulation, pursuant to City Code Section 16.10.490(p).

- 8. The Director of Public Works/City Engineer is hereby authorized and directed to give notice of said hearing by mailing a copy of this Resolution of Intention and Director's Report, postage prepaid to record owners of any lot or parcel of property subject to a benefit assessment to pay said costs of maintenance and operation, as determined by the last assessment roll. This Resolution will be available for public inspection in the City Clerk's office; and said mailing shall be done at least forty-five (45) days, and posting and publication shall be completed not less than ten (10) days, prior to the date fixed (June 6, 2017) for the hearing.
- 9. Constitutionality, severability. If any section, subsection, sentence, clause, phrase, or word of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution. The City of Santa Clara, California, hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.
- 10. Effective date. This resolution shall become effective immediately.

 I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A AND A REGULAR MEETING THEREOF HELD ON THE 6th DAY OF JUNE, 2017, BY THE FOLLOWING VOTE:

AYES:

COUNCILORS:

NOES:

COUNCILORS:

ABSENT:

COUNCILORS:

ABSTAINED:

COUNCILORS:

ATTEST:

ROD DIRIDON, JR. CITY CLERK CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Director's Report

DIRECTOR'S REPORT CITY OF SANTA CLARA SANTA CLARA CONVENTION CENTER COMPLEX MAINTENANCE DISTRICT NO. 183 FISCAL YEAR 2017-2018

4/6/2017

COUNCIL APPROVED: (proposed June 6, 2017)

Director of Public Works/City Engineer

City of Santa Clara, California

SPECIAL BENEFIT ASSESSMENT for Fiscal Year 2017-2018

DIRECTOR'S REPORT

The Director of Public Works/City Engineer of the City of Santa Clara, California, pursuant to the provisions of Section 16.10.490 of the Code of the City of Santa Clara, hereby makes this report and the following special benefit assessment to cover the costs and expenses of maintaining and operating the improvements within Santa Clara Convention Center Complex Maintenance District No. 183 of said City, including the costs and expenses incidental thereto, to be paid by said Maintenance District.

The amount to be paid therefore by said Maintenance District for the Fiscal Year 2017-2018 is as follows:

	As Prelin	ninarily Approved
Maintenance and Operations	\$	1,280,685
Permanent Parking Controls	\$	3,000
Reserve for Dynamic Parking Controls	\$	205,000
Exceptional Improvements	\$	0
Funds Advanced by and to be Repaid to City	\$	0
TOTAL COST	\$	1,488,685
Less Amount of Surplus From Prior Years:		
Convention Center	\$	0
Hyatt Corporation - A Delaware Limited Liability Corporation	on \$	0
Equity Office Techmart	\$	0
Amount of Reserves:	\$	0
Amount of Contribution:	\$	0
BALANCE OF ASSESSMENT	\$	1,488,685

And I do thereby assess and apportion the amount of said costs and expenses, including the costs and expenses incidental thereto, upon the several lots or parcels of property liable therefore and specially benefited thereby, in proportion to the benefits to be received by each lot or parcel of property, from the maintenance and operation thereof and more particularly set forth in the list hereto attached and by reference made a part hereof.

Each lot or parcel of land is described in the assessment list by reference to its parcel number as shown on the assessor's maps of the County of Santa Clara for Effective Roll Year 2017/2018 to the right of the parcel numbers and include all of such parcel.

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the District receives a special benefit over and above the benefits conferred to the public at large and that the amount of the assessment is proportional to the benefits specially received or enjoyed by each parcel or property within the District.

Dated: March 10, 2017

Director of Public Works/City Engineer

City of Santa Clara

City of Santa Clara, California

SPECIAL BENEFIT ASSESSMENT for Fiscal Year 2017-2018

DIRECTOR'S REPORT

TABLE 1. BUDGET

Category	Cost					
Maintenance and Operation	\$1,	280,685	Labor, materials, supplies and equipment to maintain and operate Maintenance District No. 183 including, but not limited to water, sewer, electrical and other utility costs, sweeping of parking lots, maintenance of pavement and sidewalks, pavement striping, signs, fountains, landscaping, storm drains, lighting, space frames, parking structure, bridges, other common improvements, City supervision and management of maintenance district, insurance, contingencies, and incidental expenses.			
Permanent Parking Controls	\$	3,000	Labor, materials, supplies and equipment to maintain and operate fixed directional signs, electronic signs, automatic vehicle counting devices, cashiering stations, ticket printer, dispensers, card readers, cashier booths, including regularly scheduled parking attendants and guards.			
Dynamic Parking Controls	\$	205,000	Labor, materials, supplies and equipment to maintain and operate movable barriers and barrier placement, special parking attendants and guards, implementation of adjustable gates, special directional signs, and implementation of electronic signs.			
Exceptional Improvements	\$	0	Special improvement project benefiting special parcel.			
Funds Advanced by \$ 0 and to be Repaid to City			For deficits which occurred in prior years			
TOTAL COST	\$	1,488,685				

Less	Amount of Surplus From Prior Years:	
	City of Santa Clara	\$ 0
	Hyatt Regency Hotel Santa Clara	\$ 0
	Equity Office Techmart	\$ 0
	Amount of Reserves:	\$ 0
	Amount of Contribution:	\$ 0
	BALANCE OF ASSESSMENT	\$ 1,488,685

City of Santa Clara, California

SPECIAL BENEFIT ASSESSMENT for Fiscal Year 2017-2018

DIRECTOR'S REPORT

TABLE 2. PROPERTY OWNERS TO BE ASSESSED

Name & Address of Owner	Assessor's Parcel Number	As Finally Confirmed	As Preliminarily Approved		
City of Santa Clara 1500 Warburton Avenue Santa Clara, CA 95050 (Convention Center)	104-55-017	\$	\$	669,941	
Santa Clara Convention Center Hyatt Corporation as agent of IA Lodging Santa Clara TRS, L.L.C dba Hyatt Regency Santa Clara Eron Hodges – General Manager 5101 Great America Parkway Santa Clara, CA 95054 (Hotel)	104-55-005 104-55-012	\$	\$	316,265	
Hudson Techmart Commerce Center Teresa Marks, Portfolio Manager 2055 Gateway Place, Suite 200 San Jose, CA 95110 (Techmart)	104-55-013	\$	\$	502,479	
TOTAL	•	\$	\$	1,488,685	

Also Send Copy of Director's Report To:

Hyatt Regency Santa Clara Eron Hodges – General Manager 5101 Great America Parkway Santa Clara, CA 95054

Hudson Techmart Commerce Center Teresa Marks, Portfolio Manager 2055 Gateway Place, Suite 200 San Jose, CA 95110

Equity Office Techmart LLC 5201 Great America Parkway, Suite 226 Santa Clara, CA 95054

SANTA CLARA CONVENTION CENTER COMPLEX MAINTENANCE DISTRICT NO. 183 City of Santa Clara, California

SPECIAL BENEFIT ASSESSMENT for Fiscal Year 2017-2018

DIRECTOR'S REPORT

TABLE 3. BUDGET/ASSESSMENT COMPARISON

		Budget	For Fisc	al Year 20	16-20)17	Budget For Fiscal Year 2017-2018					
	A	Total ssessment	Prop Fron	ced By ortion Prior Surplus	Net Assessment		Total Assessment		Reduced By Proportion From Prior Year's Surplus		Net Assessment	
City of Santa Clara (Convention Center)	\$	610,547	\$	0	\$	610,547	\$	669,941	\$	0	\$	669,941
Hyatt Regency Hotel Santa Clara	\$	281,823	\$	0	\$	281,823	\$	316,265	\$	0	\$	316,265
Equity Office Techmart	\$	446,283	\$	0	\$	446,283	\$	502,479	\$	0	\$	502,479
TOTAL	S	1,338,653	\$	0	\$	1,338,653	\$	1,488,685	\$	0	\$	1,488,685

City of Santa Clara, California

SPECIAL BENEFIT ASSESSMENT for Fiscal Year 2017/2018 <u>DIRECTOR'S REPORT</u>

TABLE 4. FORMULA FOR ASSESSMENT LEVY

	Category		Estimated Expenditure		of Santa Clara onv. Center)		att Regency Santa Clara	E	quity Office Techmart
					39.64%		22.94%		37.42%
I.	Maintenance and Operations	\$	1,280,685	\$	507,664	\$	293,789	\$	479,232
				30.04%			22.12%	47.84%	
II.	Permanent Parking Controls	\$	3,000	\$	901	\$	664	\$	1,435
					78.72%	10.64%		8	10.64%
III.	Dynamic Parking Controls	\$	205,000	\$	161,376	\$	21,812	\$	21,812
IV.	Exceptional Improvements	\$	0	\$	- 0	\$	0	\$	0
V.	Funds Advanced by/to be Repaid to City	\$	0	\$	0	\$	0	\$	0
VI.	Surplus Funds from Prior Year	\$	0	\$	0	\$	0	\$	0
	TOTAL ASSESSMENT	\$	1,488,685	\$	669,941	\$	316,265	\$	502,479

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CITY OF SANTA CLARA

NOTICE OF PUBLIC HEARING REGARDING A RESOLUTION ON THE LEVY OF BENEFIT ASSESSMENTS APPLICABLE TO THE SANTA CLARA CONVENTION CENTER MAINTENANCE DISTRICT NO. 183, AND APPROVAL OF DIRECTOR'S REPORT FOR SAME FOR FISCAL YEAR 2017/18

NOTICE IS HEREBY GIVEN that the City Council of the City of Santa Clara has determined and fixed its regularly scheduled meeting on June 6, 2017 at 7:00 p.m. or as soon thereafter as the matter may be heard, in the City Hall Council Chambers, 1500 Warburton Avenue, Santa Clara, California, as the location, date, and time to conduct a public hearing to consider the passage of a resolution as follows:

A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA OF INTENTION TO ORDER THAT THE ALTERNATIVE METHOD FOR THE LEVY OF BENEFIT ASSESSMENT BE MADE APPLICABLE TO CITY OF SANTA CLARA CONVENTION CENTER COMPLEX MAINTENANCE DISTRICT NO. 183, PROVIDING FOR NOTICE OF HEARING APPROVING THE DISTRIBUTION OF THERON, DIRECTOR'S REPORT AND PROVIDING FOR NOTICE OF HEARING ON DIRECTORS REPORT FOR FISCAL YEAR 2017/18."

The purpose of the public hearing is to provide City staff with an opportunity to present the City Council and the public with information concerning the proposed assessments (\$818,744 total) to the property operators, to pay towards maintenance repairs of the Santa Clara Convention Maintenance District #183 and the proposed determination of the City to pay all of the remaining costs (\$669,941) for routine maintenance and operation of the property and improvements of the Santa Clara Maintenance District No. 183. A total of 3 operators pay for the assessments. The public may submit written comments prior to, or make oral presentations, at the public meeting.

A copy of the above Resolution and Director's Report will be made available for public inspection in the City Clerk's Office, City Hall, 1500 Warburton Avenue, Santa Clara, California and at the Central Park Library, 2635 Homestead Road, Santa Clara, California.

Rod Diridon, Jr., City Clerk City of Santa Clara

The public hearing location is accessible by wheelchair and public transportation. People with impaired speech or hearing may call (408) 615-2490 through 711 the nationwide Telecommunications Relay Service. The California Relay Service can also be reached in Spanish for both TDD and voice at 1-800-955-3000. Sign language interpretation, translation into languages other than English, and interpretation for persons with visual impairments are available. If you need sign or other interpretation, please call (408) 615-2490 at least one week in advance of the hearing. Reasonable modifications in policies, procedures and/or practices will be made as necessary to ensure access for all individuals with a disability or with limited English proficiency.