



## Agenda Report

18-112

Agenda Date: 6/12/2018

### REPORT TO COUNCIL

#### **SUBJECT**

Public Hearing: Resolution Overruling Any Other Protests and Ordering that the Alternative Method for the Levy of Benefit Assessment be Made Available to the Santa Clara Convention Center Maintenance District No. 183

#### **BACKGROUND**

The original lease agreements between the Redevelopment Agency of the City of Santa Clara, Santa Clara Convention Hotel Limited Partnership (originally Doubletree, then Westin, now Hyatt Regency 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 Trade Center. 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 cost of maintaining and operating the common areas, the proposed total cost includes expenses relating to the City's cost to administer the District, insurance, utilities, and reserve funds.

A City ordinance requires that a report (Director's Report) for each maintenance district be prepared each fiscal year by the Public Works Director, 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 the District for FY 2018/19 has been prepared and is attached. This Report has also been filed with the City Clerk as required by the ordinance.

Proposition 218, passed by the voters of California in November 1996, made significant changes in the method and manner of approving assessments for maintenance districts. Proposition 218 requires that written ballots be sent and returned if there are proposed increases greater than any previously approved assessments. A written majority of ballots, weighted according to the proportional financial obligation, needs to be received to approve any proposed annual increase. Copies of the Director's Report were mailed to each of the owners in Maintenance District No. 183, apprising them of the proposed formula, including the amount of the individual assessment. Staff notified and scheduled meetings on April 5, 2018 and May 3, 2018 with the property owners and any interested tenants to discuss the Director's Report and the assessment district procedures.

#### **DISCUSSION**

On April 24, 2018, the City Council adopted Resolution No. 18-8513 (Resolution) related to the proposed FY 2018/19 special benefit assessments for the Santa Clara Convention Center Complex Maintenance District No. 183, which is bounded by Tasman Drive, Great America Parkway and San Tomas Aquino Creek. In addition, the Resolution established June 12, 2018 as the date the City Council will hear testimony and act upon the attached report prepared by the Director of Public

Works. Proposition 218 requires that written ballots be sent and returned if there are proposed increases greater than any previously approved assessments. Since the proposed FY 2018-19 operational and maintenance costs of \$1,563,119 are approximately \$74,000 more than the greatest previously approved assessments, ballots and approvals are required from the parties of the District.

There are three (3) parties in the district, the City of Santa Clara (Santa Clara Convention Center), the Hyatt Regency Hotel and Hudson Techmart, and a 2/3 majority vote is required to approve the proposed increase to the assessments. Three (3) ballots, approving the proposed increases to the assessments, are on file in the City Clerk's Office. On April 6, 2018, the property owners and interested parties met to discuss the assessments then met again on May 3, 2018 to finalize the assessment. Approval of the assessment would allow the Convention Center Complex grounds to be maintained in the lease-prescribed first-class condition, to continue to encourage business and trade.

### **FISCAL IMPACT**

The City's FY 2018/19 proposed budget includes funds to pay for the proposed assessment for the City's portion (formerly that of the Redevelopment Agency). There is an increase for the total cost for operation and maintenance of the District for 2018/19. No prior year's surplus for each of the entities was used to reduce the cost of operations and maintenance of the District. The City's portion of the assessment is proposed to be \$706,591. The City's General Fund was previously responsible for the City's former Redevelopment Agency portion of the assessment since Redevelopment Funds could not be used for operating costs.

### **COORDINATION**

This report has been coordinated with the Finance Department and City Attorney's Office.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

Copies of the Director's Report were mailed to each of the owners in Maintenance District No. 183, apprising them of the proposed formula, including the amount of the individual assessment. A copy of the information was mailed to each of the property owners, and any written protests received have been placed in Council offices for review. Staff notified and scheduled meetings on April 5, 2018 and May 3, 2018 with the property owners and any interested tenants to discuss the Director's Report and the assessment district procedures.

### **ALTERNATIVES**

1. Adopt a resolution overruling any other protests; and ordering that the alternative methods of

levy of special benefit assessment be made applicable to the Santa Clara Convention Center Maintenance District #183, and approving, confirming and adopting the Director's Report for FY 2018/19.

2. Do not adopt a Resolution to move forward with collecting the property owner assessments and provide Staff with further direction on funding the assessments.

### **RECOMMENDATION**

Alternative 1:

Adopt a resolution overruling any other protests; and ordering that the alternative methods of levy of special benefit assessment be made applicable to the Santa Clara Convention Center Maintenance District #183, and approving, confirming and adopting the Director's Report for FY 2018/19.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. Resolution MD #183
2. Director's Report FY 2018/19
3. Notice of Public Hearing