



Agenda Report

20-75

Agenda Date: 4/7/2020

REPORT TO COUNCIL

SUBJECT

Adoption of a Resolution of Intention for Maintenance District No. 183 - Santa Clara Convention Center Complex [Council Pillar: Deliver and Enhance Quality Efficient Services and Infrastructure]

BACKGROUND

In April 1980, the City Council adopted an ordinance providing an alternative method for annually fixing and levying a special benefit assessment for the maintenance districts in the City of Santa Clara. That ordinance (SCCC Section 16.10.490) was required because Proposition 13 prohibited the City from continuing its prior practice of assessing maintenance costs based upon assessed value. The ordinance requires that an annual report is prepared for each maintenance district, which would set the budget for the ensuing year and the formula for the annual assessment levy, and provide a description of each property, including the amount of assessment to be levied against each lot.

The original lease agreements between the Redevelopment Agency of the City of Santa Clara, Santa Clara Convention Hotel Limited Partnership (Hotel), and SCCC Associates II (Techmart) provided for the formation of the District. These agreements also served to apportion the funds necessary to maintain and operate the common improvements serving the Convention Center, Hotel, and Techmart. Hudson Techmart Commerce Center L.L.C. currently owns Techmart, Hyatt Regency Santa Clara is the current Hotel owner, and the Convention Center building is owned by the City of Santa Clara. Each of these three parties are responsible for a share of the FY 2020/21 maintenance assessment, which is set by the annual budget.

DISCUSSION

For Maintenance District No.183, the annual assessment maintains common improvements including, but not limited to, surface and structural (parking garage) parking areas, landscaping, roadway, pedestrian bridges, space frames, fountains and exterior lighting. In addition to the costs of maintaining and operating the common improvements, the proposed total cost includes expenses related to the City's cost to administer the District, insurance and utilities.

City staff prepared a draft Director's Report for FY 2020/21 (Attachment 1), which shows the formula for the annual assessment levy, parcel descriptions, and amount of assessment to be levied against each parcel. The report has been delivered to each property owner in the District, and a copy has been filed with the City Clerk's Office. Due to restrictions put in place from a multi-county Shelter in Place Order in response to the COVID-19 (coronavirus) pandemic, discussions between staff, property owners and all interested tenants that were originally scheduled for an April 2, 2020 meeting were conducted via email correspondence. A second meeting will be held to continue discussions

about the Director's Report on May 7, 2020.

In conjunction with preparing the report, the Council is required to hold a public hearing, prior to which a Notice of Public Hearing (Attachment 2) will be posted and published in the Santa Clara Weekly. As recommended in this report, a Resolution of Intention for Maintenance District No. 183 FY 2020/21 (Attachment 3) has been prepared and sets June 2, 2020 as the public hearing date. If the Council approves the budget on June 2, the confirmed assessments will be sent out by the City for collection.

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.

FISCAL IMPACT

The total maintenance cost for Maintenance District No. 183 is estimated at \$1,850,949. Approval of the assessment would result in the City collecting \$1,015,591 in revenue from the Hotel and Techmart to fund the maintenance of common improvements at the Convention Center Complex. The balance of the cost, \$835,358, would be funded by the City's General Fund as the owner of the Convention Center building. The funding is included in the FY 2020/21 Adopted Operating Budget.

The Maintenance District FY 2020/21 budget does not address capital improvements, such as those associated with the garage. Staff will need to work with the other parties to identify capital funding needs and develop a plan to address those needs.

COORDINATION

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

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>> .

On April 29, 2020, the Notice of Public Hearing for the June 2, 2020 Council meeting will be published in the Santa Clara Weekly. In addition, the notice will be posted at the City Clerk's Office and mailed to all property owners within the District.

RECOMMENDATION

1. 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;
2. Set a hearing date of June 2, 2020 to approve the Director's Report FY 2020/21; and
3. Authorize the publication, mailing, and posting of the notice of public hearing as stated in the Resolution of Intention.

Reviewed by: Craig Mobeck, Director of Public Works
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Director's Report
2. Notice of Public Hearing
3. Resolution of Intention
4. Proposed Assessment