



## Agenda Report

20-77

Agenda Date: 6/9/2020

### REPORT TO COUNCIL

#### **SUBJECT**

Public Hearing: Adoption of a Resolution Overruling Protests and Ordering that the Alternative Method for the Levy of Benefit Assessment be Made Applicable to the Santa Clara Convention Center Maintenance District No. 183 - Santa Clara Convention Center Complex [Council Pillar: Deliver and Enhance High Quality Efficient Services and Infrastructure]

#### **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 and lighting. 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 2020/21 has been prepared and is attached (Attachment 1). 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 to 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 property owners and any interested tenants about scheduled meetings on April 2, 2020 and May 7, 2020 to discuss the Director's Report and the assessment district procedures (Due to the COVID-19 health emergency, all correspondence was via email).

#### **DISCUSSION**

On April 7, 2020, the City Council adopted Resolution No. 20-8828 related to the proposed FY 2020/21 special benefit assessments for the Santa Clara Convention Center Complex Maintenance District No. 183 (District), which is bounded by Tasman Drive, Great America Parkway and San

Tomas Aquino Creek. In addition, the Resolution established June 2, 2020 as the date that City Council would hear testimony and act upon the attached report prepared by the Director of Public Works (Attachment 1). Due to the subsequent cancellation of the June 2 Council Meeting, an amended Resolution was adopted on May 26, 2020 (Attachment 2), rescheduling the Public Hearing date to June 9, 2020. Proposition 218 requires that written ballots be sent and returned if there are proposed increases greater than any previously approved assessments.

At the time Council adopted the original Resolution of Intention, the members (City of Santa Clara (Santa Clara Convention Center), the Hyatt Regency Hotel and Hudson Techmart) had preliminary agreed to a budget increase from \$1,698,119 to \$1,850,949. However, as the financial impacts of the COVID-19 pandemic increased over the ensuing weeks, support for any increases had diminished. In May 2020, the District members held two meetings (via phone) to further discuss the proposed increases. It was ultimately decided not to approve the proposed budget increase due to COVID-19 financial impacts and the property owners have asked to revert to the 2019/20 budget. The members of the District are satisfied that the property can be maintained at an adequate level within these budget parameters to still encourage business. Since the proposed FY 2020/21 operational and maintenance costs of \$1,698,119 is the same as the previously approved assessments, ballots with approvals are not required from the District members. Subsequently, the Director's Report FY 2020/21 (Attachment 1) has been updated to reflect this change.

### **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 Convention Center Maintenance District Fund in the City's FY 2020/21 proposed budget includes the assessments from the three property owners totaling \$1,698,119 and the associated operations and maintenance budget. There is no increase for the total cost for operation and maintenance of the District for FY 2020/21. There is no prior year's surplus so there is no reduction to apply towards FY 2020/21 operations and maintenance costs for the District.

The proposed assessments by property owner are as follows: \$771,349 from the City of Santa Clara (Convention Center); \$358,060 from the Hyatt Regency Hotel; and \$568,710 from the Hudson Techmart Commerce Center. The funds to pay for the proposed assessment for the City's portion (formerly that of the Redevelopment Agency) are budgeted as a transfer from the General Fund.

### **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) <<mailto:clerk@santaclaraca.gov>> .

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 property owners and any interested tenants about scheduled meetings on April 2, 2020, May 7, 2020, and May 18, 2020, to discuss the Director's Report and the assessment district procedures (due to the COVID-19 Health emergency, all correspondence was via email). A new revised Director's Report was sent to the property owners after the phone budget meeting that took place on May 18, 2020 and was placed on file with the City Clerk on May 28, 2020.

### **ALTERNATIVES**

1. Adopt a resolution overruling any other protests; and ordering that the alternative method for the levy of benefit assessment be made applicable to the Santa Clara Convention Center Maintenance District No.183, and approving, confirming and adopting the Director's Report for FY 2020/21.
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 method for the levy of benefit assessment be made applicable to the Santa Clara Convention Center Maintenance District No. 183, and approving, confirming and adopting the Director's Report for FY 2020/21.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. Director's Report FY 2020/21
2. Revised Resolution of Intention
3. Notice of Public Hearing
4. Resolution