



Agenda Report

19-1167

Agenda Date: 11/5/2019

REPORT TO COUNCIL

SUBJECT

Action on Resolution Approving the Annexation of Two Hotel Parcels (AC Hotel located at 2950 Lakeside Drive and Element Hotel located at 1950 Wyatt Drive) into Community Facilities District No. 2010-1

BACKGROUND

On May 11, 2010, the City Council (Council) of the City of Santa Clara (City) adopted a resolution entitled "A Resolution of the City of Santa Clara, California, Formation of Community Facilities District: City of Santa Clara Community Facilities District No. 2010-1" (Resolution of Formation), ordering the formation of (i) the City of Santa Clara Community Facilities District No. 2010-1 (CFD) and (ii) the City of Santa Clara Community Facilities District No. 2010-1 (Future Annexation Area), defining the public facilities and public services to be provided by the CFD, authorizing the levy of a special tax on property within the CFD and preliminarily establishing an appropriations limit for the CFD, all pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (Act).

This CFD applies only to hotel properties near Levi's Stadium. At the time of formation, the hotel property owners voted unanimously to place a special tax on hotel room nights equivalent to a 2% transient occupancy tax (TOT). This 2% is in addition to City's current TOT rate of 9.5%. This special tax is pledged to the payment of portions of the publicly owned infrastructure for the stadium project, up to a cap of \$35 million (excluding debt service and other financing costs), and the City was authorized to issue and sell bonds or incur other forms of debt to finance these improvements. The debt is secured by and payable solely from the special taxes to be levied on the hotel properties within the CFD and does not represent an obligation or debt of the City or the General Fund. The current total CFD debt is \$29,946,619.40.

DISCUSSION

The City has received requests from two new hotel property owners, M9 Dev, LLC and Mission Park Hotel, LP, (Hotel Parcels) to annex their parcels into the CFD. M9 Dev, LLC owns the AC Hotel located at 2950 Lakeside Drive and Mission Park Hotel, LP owns the Element Hotel located at 1950 Wyatt Drive. Pursuant to the Act, each property owner executed a Unanimous Approval (Attachments 1 and 2) constituting a unanimous approval and unanimous vote by that property owner in favor of the annexation of its respective property to the CFD and the levy of the special tax.

The recommended action requests Council adoption of a resolution approving the annexation of the Hotel Parcels into the CFD, direction to the Assistant City Clerk to execute and record Amendment No. 1 to the Special Notice of Tax Lien (Attachment 3) evidencing the annexation of the parcels into the CFD and direction to the Assistant City Clerk to execute and record with the Santa Clara County

Recorder's Office an amended boundary map (Attachment 4).

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

There is no fiscal impact other than staff time associated with approval of this item. If approved, the incorporation of the hotels within the CFD will be subject to the 2% TOT Special Tax.

COORDINATION

This item has been coordinated with the Finance Department and the 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>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Adopt a Resolution approving the annexation of the Hotel Parcels into the CFD; and
2. Approve Amendment No. 1 to the Notice of Special Tax Lien and the Amended Boundary Map - CFD 2010-1, and authorize recordation thereof.

Reviewed by: Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Unanimous Approval - M9 Dev, LLC
2. Unanimous Approval - Mission Park Hotel, LP
3. Amendment No. 1 to the Notice of Special Tax Lien
4. Amended Boundary Map - CFD 2010-1
5. Resolution Approving the Annexation of Property Located in a Future Annexation Area: City of Sana Clara Community Facilities District No. 2010-1