



Agenda Report

21-858

Agenda Date: 6/10/2021

REPORT TO COUNCIL

SUBJECT

Public Hearing: Adoption of a Resolution Approving the Levy of Benefit Assessment Upon the Santa Clara Convention Center Complex - Maintenance District No. 183 (*Adjourned from June 8, 2021 - RTC # 21-1167*)

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 (Hotel), and SCCC Associates II (Techmart) provided for the formation of the Santa Clara Convention Center Complex - Maintenance District No. 183 (MD 183). 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 LLC 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 maintenance assessment, which is set by the annual budget.

In June 1986, Council Adopted Resolution 5081 that formed MD 183 and established the mechanism for funding maintenance and operations on an annual basis. There are two components of this annual funding. The first component is the overall cost of maintaining and operating the general infrastructure consisting of things such as pavement, sidewalk, walkways, covered walkways, signs, landscaping 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, and utilities. The cost for these items is split by 39.64% to the City of Santa Clara (City), 22.94% to the Hyatt Regency Hotel (Hyatt), and 37.42% to Hudson Techmart Commerce Center LLC (Techmart). The second component includes the overall costs for maintaining and operating parking controls such as barriers, parking attendants and guards, gates, and signage. The costs for these items are allocated by 78.72% to the City, 10.64% to Hyatt, and 10.64% to Techmart.

A report (Director's Report) for each maintenance district is required to be prepared each fiscal year by the Director of Public Works, 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 2021/22 has been prepared and is attached (Attachment 1). This Report has also been filed with the City Clerk.

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 1, 2021 and May 6, 2021 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 20, 2021, the City Council adopted a Resolution of Intention (Resolution No. 21-8959, Attachment 2) related to the proposed FY 2021/22 special benefit assessments for MD 183, which is bounded by Tasman Drive, Great America Parkway and San Tomas Aquino Creek. In addition, the Resolution of Intention established June 8, 2021 as the date that City Council would hear testimony and act upon the attached report prepared by the Director of Public Works.

The members of MD 183 (consisting of the City, Hyatt and Techmart) agreed to hold the budget flat this year with no increase. Since the proposed FY 2021/22 operational and maintenance costs of \$1,698,119 are the same as the previously approved assessments, with no increases, approval ballots are not required from the MD 183 members.

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 2021/22 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 2021/22. There is no prior year's surplus so there is no reduction to apply towards FY 2021/22 operations and maintenance costs for the District.

The proposed assessments by property owner are as follows: \$771,349 from the City of Santa Clara (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>>.

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ALTERNATIVES

1. Adopt a resolution approving the levy of benefit assessment upon the Santa Clara Convention Center Complex - Maintenance District No.183, and approving, confirming, and adopting the Director's Report for FY 2021/22.
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 approving the levy of benefit assessment upon the Santa Clara Convention Center Complex - Maintenance District No. 183, and approving, confirming, and adopting the Director's Report for FY 2021/22.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Director's Report FY 2021/22
2. Resolution No. 21-8959
3. Notice of Public Hearing
4. Resolution