



CITY COUNCIL STAFF REPORT



October 12, 2021

ITEM TITLE

Chula Vista Bayfront Resort Hotel and Convention Center Project: Amending the Agreement with RSG, Inc. for Financial Feasibility Study Services

Report Number: 21-0168

Location: Chula Vista Bayfront Master Plan Area

Department: Development Services

Environmental Notice: This activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Adopt a resolution approving a first amendment to the agreement with RSG, Inc. to provide financial feasibility study services for the Chula Vista Bayfront resort hotel and convention center project.

SUMMARY

The City previously entered into an agreement with RSG, Inc. (RSG) to provide financial feasibility study services to support a planned public bond offering, financing a portion of the costs of constructing a convention center on the Chula Vista Bayfront and related public infrastructure improvements (the “Public Financing”). Additional analysis and reporting not contemplated in the original agreement are now required to support the Public Financing. A first amendment to the agreement with RSG to provide these additional services has been negotiated and is recommended for approval (the “First Amendment”).

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The City of Chula Vista entered into an agreement with RSG for financial feasibility study services on April 8, 2020, in an amount not-to-exceed \$50,000 (the "Original Agreement"). Pursuant to the terms of the Original Agreement, RSG prepared a comprehensive report that forecast local taxes to be generated by the proposed RIDA Chula Vista, LLC (RIDA) hotel and conference center project (the "RHCC Project") to be operated by Gaylord, the Chula Vista Resort RV Park to be operated by Sun Communities (the "RV Park"), and the Rambler Hotel, dated August 3, 2020. The Original Agreement expired on December 31, 2020 (Attachment 2).

The City requires an update to the August 3, 2020 report in order to move forward with the Financing.

The First Amendment includes the following services:

- An updated Fiscal Impact Analysis evaluating the projected revenues to the City associated with operation of the RHCC Project, Rambler Hotel and the RV Park based on a report to be prepared by a feasibility study consultant (CBRE) hired by the San Diego Unified Port District. Updated items will include transient occupancy tax, taxable sales tax, property taxes, vehicle license fee revenue, special tax revenues and other revenues expected from the project. Costs would include expected expenditure impacts borne by the City to provide municipal services to the project once completed.
- An updated financial pro forma will be prepared based on the information from the CBRE report. This update will ensure consistent time frames and terminology.
- Upon request, Credit Rating Services that include assisting and participating in Credit Rating Agency presentations and reviews.

The First Amendment provides a not-to-exceed amount of \$50,000 for these updated services and expires on December 31, 2022 (Attachment 1). This amendment increases the maximum contract amount to \$100,000.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, *et seq.*).

Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

All General Fund discretionary dollars committed to the RHCC Project have been set aside in the current fiscal year budget. No additional General Fund impact is anticipated as a result of the approval of the First Amendment in the current fiscal year. All costs associated with the Original Agreement and the First Amendment are reimbursable closing costs of the Public Financing.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact as a result of approving this amendment.

ATTACHMENTS

1. First Amendment
2. Agreement

*Staff Contact: Laura C. Black, AICP, Assistant Director of Development Services
Tiffany Allen, Director of Development Services*