



CITY COUNCIL STAFF REPORT



May 28, 2024

ITEM TITLE

Community Facilities District Annexation: Initiate Annexation of Otay Ranch Village 8 East into CFD No. 97-2

Report Number: 24-0141

Location: Located generally adjacent to State Route 125, south of Main Street, and north of the Otay River, as shown more particularly on the annexation map.

Department: Development Services

G.C. § 84308: Yes

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act ("CEQA") State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Adopt resolution A) Setting forth the boundaries of the proposed Annexation No. 13 into Community Facility District ("CFD") No. 97-2, Improvement Area "C" and; B) Declaring the intention of the City Council to authorize the proposed Annexation No. 13 into Improvement Area "C" of CFD No. 97-2, levy a Special Tax, and set a time and place for the public hearing.

SUMMARY

On May 14, 2024, the Chula Vista City Council approved amendments to the Otay Ranch Village 8 East ("Village 8 East") Sectional Planning Area Plan, including associated regulatory documents and a Tentative Map. Tentative Map Condition No. 61 specifies that the applicant shall annex the project into CFD No. 97-2, Improvement Area "C". HomeFed Otay Land II, LLC (the "Applicant") formally requested that the City commence annexation proceedings in a letter addressed to the Director of Development Services dated June 6, 2023. This action initiates the process of annexing Village 8 East into CFD No. 97-2.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with CEQA and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the proposed activity consists of a governmental fiscal/administrative activity which does 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

Background

The City Council formed CFD No. 97-2 in July of 1998 to establish a long-term financing mechanism to monitor and maintain open space within the Otay Ranch Preserve ("Preserve"). CFD No. 97-2 was initially divided into two improvement areas, designated as Improvement Area "A" and Improvement Area "B". Both improvement areas were established to fund the costs of the Resource Monitoring Program. Improvement Area "B" also funds costs associated with Preserve Operations and Maintenance. Improvement Area "C" was subsequently formed in 2003 in connection with the annexation of Otay Ranch Village 11 (Annexation No. 3) into CFD No. 97-2. Improvement Area "C" was established to include lands not originally contemplated to be contained within the territory of CFD No. 97-2, and it funds both the Resource Monitoring Program and Preserve Operations and Maintenance activities.

There have been 12 previous annexations into CFD No. 97-2 to date, as listed below:

1. Otay Ranch Village 1 West (2000)
2. Otay Ranch Village 6 (2002)
3. Otay Ranch Village 11 (2003)
4. Otay Ranch Village 12 (2005)
5. Otay Ranch Village 7 (2005)
6. Otay Ranch Village 2 (2006)
7. Otay Ranch Planning Area 12 (2013)
8. Otay Ranch Millenia (2013)
9. Otay Ranch Village 8 West (2014)
10. Otay Ranch Village 3 (2016)
11. Bonita Glen (2020)
12. Otay Ranch Village 3, Neighborhood R-20 (2022)

Property to be Annexed

Village 8 East (Tentative Map No. TM22-0005), consisting of 3,276 residential units on 572.9 acres, is owned by the Applicant and is proposed as Annexation No. 13 into CFD No. 97-2. City staff has reviewed the proposed annexation boundary map and has found it acceptable and ready for consideration by City Council. The boundary map is provided as Attachment 1 to this report.

Maximum Special Taxes

The approved maximum special tax rates for fiscal year 2023-24 for Improvement Area "C" of CFD No. 97-2 are as follows:

Table 1 – Maximum Special Tax for Resource Monitoring

Special Tax Category	Maximum Special Tax (Resource Monitoring)
Category I – Residential (per square foot)	\$0.0090
Category I – Non-Residential (per acre)	\$145.77
Category II – Final Mapped Property (per acre)	\$145.77
Category III – Undeveloped Property (per acre)	\$94.0856

Table 2 – Maximum Special Tax for Operations & Maintenance

Special Tax Category	Maximum Special Tax (Operation & Maintenance)
Category I – Residential (per square foot)	\$0.0143
Category I – Non-Residential (per acre)	\$231.42
Category II – Final Mapped Property (per acre)	\$231.42
Category III – Undeveloped Property (per acre)	\$149.3685

The total maximum special tax that can be levied on a parcel is the sum of the maximum special tax for resource monitoring, and the maximum special tax for operation and maintenance, as set forth in Table 3 below:

Table 3 – Combined Maximum Special Tax

Special Tax Category	Combined Maximum Special Tax (Resource Monitoring and Operation & Maintenance)
Category I – Residential (per square foot)	\$0.0232
Category I – Non-Residential (per acre)	\$377.19
Category II – Final Mapped Property (per acre)	\$377.19
Category III – Undeveloped Property (per acre)	\$243.45

The rates for special taxes shown above are proposed to be increased each fiscal year, beginning fiscal year 2024-25, by a factor equal to the annual percentage change in the San Diego Metropolitan Area Consumer Price Index for All Urban Consumers (CPI-U, All Items) or zero percent (0%), whichever is greater. The special taxes are proposed to be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the administrator of CFD No. 97-2 may directly bill the special tax and may collect special taxes at a different time or in a different manner if necessary.

Proposed Resolutions

If approved, the proposed resolutions would accomplish the following:

- A) The resolution adopting the boundary map for CFD No. 97-2 is the formal action adopting the map and setting forth the boundaries of proposed Annexation No. 13 to CFD No. 97-2, Improvement Area “C”.
- B) The resolution of intention to annex territory to CFD No. 97-2 is the jurisdictional resolution declaring the intention of the City Council to authorize proposed Annexation No. 13 to Improvement Area “C” of CFD No. 97-2, and setting the time and place for a subsequent public hearing to declare the results of a special election and formally authorize the levy of a special tax. The public hearing is planned to take place at the July 16, 2024 City Council meeting.

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 costs of this annexation to the district are borne by the developer and the ongoing administration will be funded entirely by the district, resulting in no net fiscal impact to the General Fund or Development Services Fund.

ONGOING FISCAL IMPACT

The ongoing administration of CFD 97-2 will be funded entirely by the district.

ATTACHMENTS

1. Boundary Map for CFD No. 97-2, Improvement Area C, Annexation No. 13
2. Rate of Method of Apportionment ("RMA") for CFD No. 97-2, Improvement Area C, Annexation No. 13

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