



CITY COUNCIL STAFF REPORT



July 16, 2024

ITEM TITLE

Improvement District Annual Report: Approve the 2024 Annual Report for the Downtown Chula Vista Property-Based Improvement District

Report Number: 24-0054

Location: An approximately sixteen-block area along Third Avenue commercial corridor, bounded by E Street to the north, Church Avenue to the east, Landis Avenue to the west, and I Street to the south. The property-based business improvement district also includes one block on F Street where the City of Chula Vista central library and police station are located.

Department: Economic Development

G.C. § 84308: No

Environmental Notice: The 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 the 2024 Annual Report for the Downtown Chula Vista Property-Based Improvement District.

SUMMARY

The Downtown Chula Vista Property-Based Business Improvement District was organized in 2001 to implement various enhancement services within the Third Avenue Village and Downtown area and is directly administered for the City by an owner’s association. In accordance with Streets and Highways Code 36650, the owner’s association is required to prepare a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The attached report does not propose any modifications to the boundary of the District, the basis or method of levying assessment, or any changes to property classification and complies with the reporting requirements outlined in the California Streets and Highways Code. The total

annual assessments for 2024 are estimated at approximately \$486,000. Staff has reviewed the annual report and recommends the City Council approve the attached resolution.

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 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.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

N/A

DISCUSSION

The Downtown Chula Vista Property-Based Improvement District (PBID) was organized in 2001 to implement various enhancement services within the Third Avenue and Downtown area and is directly administered for the City by the owner’s association, known as the Third Avenue Village Association (TAVA). In May 2023, the City consented to TAVA assigning all its rights and obligations as a party to the Third Avenue Village Agreement and Encroachment Permit for Maintenance Services Between the City of Chula Vista and the Third Avenue Village Association to the Greater Third Avenue Improvement Association (GTAIA), doing business as Downtown Chula Vista. In accordance with California Streets and Highways Code 36650, GTAIA is required to prepare a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report (Attachment 1).

GTAIA administers funds received from the PBID and receives approximately \$486,000 annually in PBID assessment revenue. In addition to PBID revenue, GTAIA receives business-improvement district revenue including business license fees, grants, and program revenues, bringing total annual revenue for GTAIA to approximately \$641,000. GTAIA’s fiscal years coincide with each calendar year.

Prepared in accordance with the State of California Property and Business Improvement District law of 1994, Streets and Highways Code Section 36650, the Annual Planning Report represents the eighth year of program operations within the current ten-year term. Pursuant to Streets and Highway Code Sections 36650-36651, GTAIA is required to report the following information:

Section 2: PBID Boundaries

There are no recommended changes to the boundaries of the PBID or in any zones or classification of property or businesses within the district.

Section 3: Assessment Budget

The estimate for improvements, maintenance, and activities includes \$685,409 in total expenditures.

EXPENDITURES	2024 Budget	Percentage of Budget
Civil Sidewalks		
<i>Personnel: Compensation & Benefits</i>	\$159,000	
<i>Contracted Third-Party Services</i>	\$48,000	
<i>District Utilities</i>	\$25,000	
<i>Maintenance, Auto, Landscaping Supplies</i>	\$33,500	
Total Civil Sidewalks	\$265,500	38.7%
District Identity & Placemaking	\$134,908	19.7%
Administration		
<i>Administration Expenses</i>	\$93,000	
<i>Outside Contracted Management</i>	\$192,000	
Total Administration	\$285,000	41.6%
PBID Unallocated	\$0	0%
Total Expenditures	\$685,409.00	100.0%
REVENUES	2024 Budget	Percentage of Budget
PBID Revenue	\$485,591.64	75.8%
BID Revenue	\$36,000	5.6%
Program & Grants	\$88,306	13.8%
Carry Forward	\$31,000	4.8%
Total Assessment District Revenues	\$640,897.64	100.0%

Section 4: Method of Financing

Revenues will be collected through the levy of special annual assessments upon the real property for which the services and activities are provided. There are two benefit zones, those parcels that front Third Avenue and those that do not. Since re-establishment of the PBID in June 2016, the GTAIA Board of Directors has only increased the assessment rate twice, in 2018 and in 2021. There was no increase in the assessments for fiscal year (“FY”) 2024.

The method of financing is contained in the attached annual report.

Section 5: Surplus/Deficit Revenue

In 2023, the process to unwind TAVA was initiated and all corporate assets, rights, and obligations of TAVA are in the process of being transferred to the newly created GTAIA, doing business as Downtown Chula Vista. Thus, TAVA’s final fiscal year (FY 2023) only extends from January 1 – July 31, 2023. At the time of this report, TAVA Income for all programs & operations for FY 2023 was \$723,933 and expenses were \$426,098. In turn, GTAIA’s fiscal year (FY 2023) began on August 1, 2023 and runs through December 31, 2023. At the time of this report, GTAIA income for all programs & operations for FY 2023 was \$133,717 and expenses were \$402,355.

Downtown Chula Vista estimates that there will be a \$31,000 revenue carry forward from FY 2023 as associated with the PBID & BID assessment expenses, which is accounted for in the FY 2024 Budget

Projection. Due to the lower-than-average carry-forward from FY 2023, Downtown Chula Vista will have no budget contingency or PBID unallocated amount for FY 2024.

A summary of combined fiscal year revenues and expenses for both TAVA and GTAIA for 2023 is provided as follows:

	TAVA Jan. 1 - July 31, 2023	GTAIA Aug. 1 - Dec. 31, 2023	Total
Revenue	\$723,933	\$133,717	\$857,650
Expenses	\$426,098	\$402,355	\$828,453
Net	\$297,835	(\$268,638)	\$29,197

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

There is no current-year fiscal impact as a result of this action.

ONGOING FISCAL IMPACT

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

ATTACHMENTS

1. Downtown Chula Vista Annual Report – 2024
2. Encroachment Permit for Maintenance Services
3. Agreement of Assignability to Greater Third Avenue Improvement Association

Staff Contact: Kevin Pointer, Principal Economic Development Specialist