

FILE NUMBER: 2025-150

DATE: Tuesday, May 6, 2025

SUBJECT: Ordinance Amending the District's FY 2025 Budget Increasing the Non-Personnel Appropriated Item by \$2.5 Million for the Chula Vista Bayfront Reimbursable Support Payments

DESCRIPTION: Adopt an Ordinance amending the District's FY 2025 Budget Increasing the Non-Personnel Appropriated Item by \$2,500,000 for the Chula Vista Bayfront Reimbursable Support Payment Pursuant to the Support Agreement and the Chula Vista Bayfront Project Funding Agreement.

EXECUTIVE SUMMARY:

The District and the City of Chula Vista (City) have been working collaboratively for decades to implement the Chula Vista Bayfront Master Plan (CVBMP). Since 2014, these efforts have been primarily focused on delivering the catalyst project for the CVBMP, the Gaylord Pacific Resort and Convention Center (RHCC) comprised of a 1,600-room resort hotel with approximately 275,000 net usable square feet of meeting space and 1,600 parking spaces, all located on Parcel H3 of the CVBMP. The RHCC, which is scheduled to open to the public on May 15, 2025, also required the construction of extensive public improvements and infrastructure to the areas within and surrounding Parcel H3 (Phase 1A Infrastructure), including Sweetwater Park, improvements to E Street, F Street, G Street, and H Street, Gunpowder Point Drive Relocation, the Sweetwater Buffers, the H-3 Utility Corridor and Site Prep, and the G Street Sewer Pump Station.

As discussed further below, the District is required to make the following payments in FY 2025 pursuant to the Support Agreement:

- May Support Payment (\$1,250,000)
- June Support Payment (\$1,250,000)

RECOMMENDATION:

Adopt an Ordinance increasing the District's FY 2025 Budget increasing the Non-Personnel Appropriated Item by \$2,500,000 for the Chula Vista Bayfront reimbursable support payments pursuant to the Support Agreement and the Chula Vista Bayfront Project Funding Agreement.

FISCAL IMPACT:

This budget amendment will increase the District's FY 2025 Non-Personnel Expense Budget appropriation by \$2,500,000, funded by unrestricted fund balance.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A thriving and modern maritime seaport.
- A vibrant waterfront destination where residents and visitors converge.
- A Port with a healthy and sustainable bay and its environment.
- A Port with a comprehensive vision for Port land and water uses integrated to regional plans.
- A Port that is a safe place to visit, work and play.
- A Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.
- Not applicable.

DISCUSSION:

The District and the City have been working collaboratively for decades to implement the CVBMP. Since 2014, these efforts have been primarily focused on delivering the catalyst project for the CVBMP, the Gaylord Pacific Resort and Convention Center (RHCC) comprised of a 1,600-room resort hotel with approximately 275,000 net usable square feet of meeting space and 1,600 parking spaces, all located on Parcel H3 of the CVBMP. The RHCC, which is scheduled to open to the public on May 15, 2025, also required the construction of extensive public improvements and infrastructure to the areas within and surrounding Parcel H3 (Phase 1A Infrastructure), including Sweetwater Park, improvements to E Street, F Street, G Street, and H Street, Gunpowder Point Drive Relocation, the Sweetwater Buffers, the H-3 Utility Corridor and Site Prep, and the G Street Sewer Pump Station.

To assist in the financing of the RHCC improvements, including the convention center along with various infrastructure, the Chula Vista Bayfront Financing Authority (Authority), a joint exercise of powers authority between the City and the District, issued \$382,562,201 in revenue bonds. As a credit enhancement to the bond issuance, the Authority and the District entered into a Support Agreement dated May 26, 2022, pursuant to which the District agreed to contribute annual “Support Payments” in four equal quarterly installments, with the first quarterly payment coming due 30 days after a temporary certificate of occupancy was issued for the RHCC:

Payment Year	Annual Payment
Payment Years 1-10	\$5MM
Payment Years 11-15	\$6MM
Payment Years 16-20	\$3MM
Payment Years 21-34	\$3.5MM

Two \$1.25M quarterly payments are due in FY 2025: one on May 4, 2025 (30 days of temporary certificate of occupancy issuance for the RHCC); and one at the end of Q2 on

June 30, 2025. Four installments of \$1.25M will be due in FY 2026 at the end of each corresponding fiscal quarter.

The Fourth Amended and Restated Revenue Sharing Agreement dated May 12, 2022 (RSA) (Attachment B) by and among the District, the City, and the Authority provides the priority distribution of funds by Wilmington Trust, National Association, as bond trustee. Based on current projections, the aforementioned Support Payments could be reimbursed as early as FY 2026. District staff is currently coordinating with the City and the bond trustee on the timing and mechanics of reimbursing the District and City through the RSA.

Given the recent issuance of the RHCC's temporary certificate of occupancy triggering the District's obligations to make the two aforementioned \$1,250,000 support payments in FY 2025, District staff recommends that the Board adopt an ordinance amending the District's FY 2025 non-personnel budget by \$2,500,000.

General Counsel's Comments:

The Office of the General Counsel has reviewed this agenda sheet and the attachments as presented to it and approves the same as to form and legality.

Environmental Review:

The proposed Board action, including without limitation an Ordinance amending the District's FY 2025 Budget increasing the Non-Personnel Appropriated Item by \$2,500,000 for the Chula Vista Bayfront Reimbursable Support Payment, does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because there is not a potential to result in a direct or indirect physical change in the environment. Therefore, the proposed Board action is not subject to CEQA and no further action under CEQA is required.

The proposed Board action complies with Section 21 and 35 of the Port Act which allow for the Board to pass resolutions and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development, pursuant to Section 1.a. of the District's Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or an exclusion finding is not required.

Diversity, Equity, and Inclusion Program:

This agenda sheet has no direct impact on District workforce or contract reporting at this time.

PREPARED BY:

Tracy Largent
CFO/Treasurer

Attachment A: Support Agreement
Attachment B: Revenue Sharing Agreement