



City of Huntington Beach

File #: 20-1609

MEETING DATE: 5/18/2020

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Ursula Luna-Reynosa, Director of Community Development

Subject:

Adopt Resolution No. 2020-33 directing the execution of a Notice of Cessation of Special Tax - Improvement Area B of the City of Huntington Beach Community Facilities District (CFD) No. 2002-1 (McDonnell Centre Business Park)

Statement of Issue:

The Boeing Realty Company ("Boeing") is in the process of marketing portions of their property for redevelopment. In order to provide clear marketable title to facilitate the sale of property available for sale, Boeing has requested that the City Council adopt Resolution No. 2020-33 authorizing the execution of a Notice of Cessation of Special Tax pertaining to "Improvement Area B" of the City of Huntington Beach Community Facilities District No. 2002-1 (McDonnell Centre Business Park). This action is necessary for Boeing to market portions of Improvement Area B and facilitate the subsequent sale of such property.

Financial Impact:

There are no fiscal impacts associated with the removal of the tax lien. No bonds or other obligations were issued or incurred with respect to Improvement Area B of the Community Facilities District No. 2002-1, and no special taxes were levied on it.

Recommended Action:

A) Adopt Resolution No. 2020-33, "A Resolution of the City Council of the City of Huntington Beach, Directing the Execution of a Notice of Cessation of Special Tax - Improvement Area B (APNs 195-111 -03,64) of the City of Huntington Beach Community Facilities District No. 2002-1 (McDonnell Centre Business Park)," and approving other related documents and actions; and,

B) Authorize the City Manager and City Clerk to execute Notice of Cessation and other related documents and actions.

Alternative Action(s):

Do not adopt Resolution No. 2020-33, and direct staff accordingly.

Analysis:

On April 1, 2002, the City Council, adopted Resolution No. 2002-26 establishing the City of Huntington Beach Community Facilities District No. 2002-1 (McDonnell Centre Business Park) (the "District"), and designated two separate Improvement Areas, A and B, within the District. The District was formed in order to provide tax-exempt financing for public infrastructure improvements needed for the McDonnell/Boeing Development, and the Improvement Areas were established to coincide with the expected phases of development of the McDonnell/Boeing project.

The District formation proceedings authorized the levy of special taxes on parcels in each of the two Improvement Areas, with the proceeds of the special taxes levied in an Improvement Area to be used to repay bonded indebtedness incurred for the respective Improvement Area. In addition, the special taxes levied were to pay directly for infrastructure improvements authorized to be funded for the Improvement Area, and to pay costs of administering the District and any bonds issued for the Improvement Area. Under the applicable provisions of the Government Code, the Improvement Areas are effectively separate and distinct from each other, and bonds or other obligations of one Improvement Area are payable solely from the proceeds of the special taxes levied in that Improvement Area.

On June 27, 2002, the City issued \$4.9 million principal amount of special tax bonds, for Improvement Area A of the District, the proceeds of which have been used to finance public infrastructure improvements as part of the McDonnell/Boeing Development that were authorized to be funded pursuant to the proceedings to form the District. The bonds are payable solely from special taxes levied on property in Improvement Area A of the District. To date, no bonds or other obligations have been issued or incurred with respect to Improvement Area B of the District, and no special taxes were levied on Improvement Area B. On April 1, 2019, upon request from Boeing, the City Council adopted Resolution No. 2019-18 removing Assessor's Parcel Number (APN): 195-111-56 (formerly 195-111-34), a portion of Improvement Area B from the District.

Since the adoption of Resolution No. 2019-18, Boeing has closed escrow with the Sares Regis Group for APN 195-111-56, commonly referred to as Phases I & II (see Attachment 2). Boeing is currently marketing APNs: 195-111-03; -64, commonly referred to as Phase III (see Attachment 2) for future development, but will need clear marketable title in order to convey the property. Boeing has requested that the City take action to effectively remove the remaining portion of Improvement Area B from the District. The removal of Improvement Area B from the District will allow a prospective buyer to obtain financing. The removal of Improvement Area B (APNs: 195-111-03, 64) requires City Council adoption of Resolution No. 2020-33 in order to dissolve Improvement Area B and to release the special tax lien.

The City Council, by adopting Resolution No. 2020-33, will determine that the District has not, and will not in the future, levy special taxes on property in Improvement Area B, effectively removing the property from the District. The Resolution directs the City Clerk to record a Notice of Cessation of Special Tax in the County Recorder's Office, in a form required by the Government Code.

Environmental Status:

The effected District is existing and removing property from the District will not result in either a direct

physical change in the environment, or a reasonably foreseeable indirect physical change in the environment and is therefore not a “project” per Section 15378 of the California Environmental Quality Act (CEQA) Guidelines.

Strategic Plan Goal:

Strengthen long-term financial and economic sustainability

Attachment(s):

1. Resolution No. 2020-33
2. Map: 195-111-56