



Enhanced Infrastructure Financing District (EIFD)
Presentation of the Draft Infrastructure Financing Plan
(IFP) to the Public Financing Authority (PFA)

May 10, 2022

Prepared by:
Kosmont Companies

Executive Summary

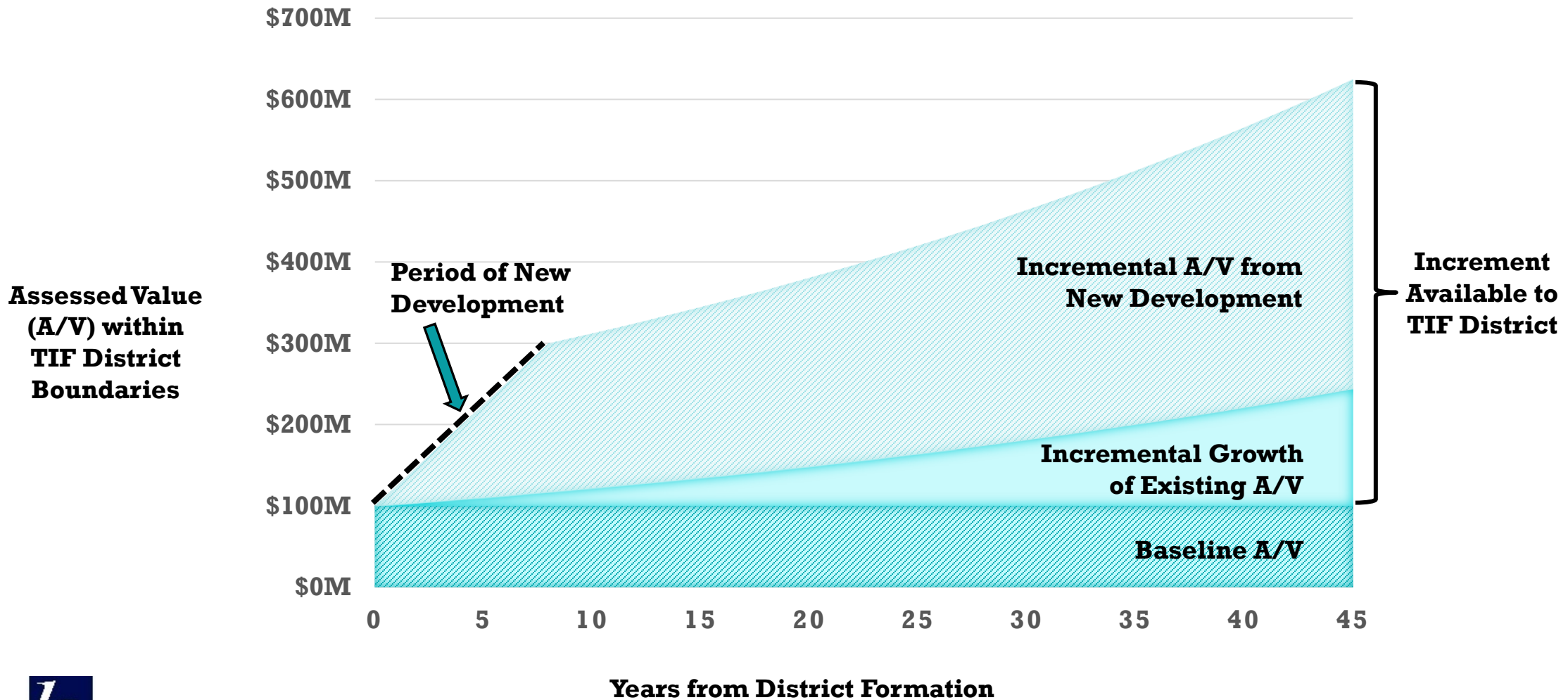
- The City of Sanger North Academy Corridor has significant potential for new private sector investment and development over the next 10-20 years and beyond
- Investments in critical infrastructure are needed to support new development, such as core utility infrastructure and potential recreational infrastructure
- An Enhanced Infrastructure Financing District (EIFD) was identified and evaluated by staff and consultants as a critical tool to address infrastructure funding needs by capturing value from future development in the form of future property tax increment
- In November 2021, City Council adopted a Resolution of Intention to form the EIFD and has established this Public Financing Authority (PFA) to govern and manage EIFD formation and future operations
- On March 29, 2022, the PFA held its inaugural meeting to provide the PFA with a general overview of EIFD, answer questions, and direct the preparation of the governing Infrastructure Financing Plan (IFP)
- The purpose of today's meeting is to present the draft IFP to the PFA (no formal action to be taken)

Executive Summary (Continued)

- After today's hearing, the draft IFP will be reviewed over a series of three PFA public hearings, and will also be considered for approval separately by the City Council prior to EIFD formation (potential County participation and approval in current or later year)

Tax Increment Mechanisms

Illustrative



Note: Illustrative. Conservative 2% growth of existing assessed value (A/V) shown; does not include mark-to-market increases associated with property sales.

EIFD Fundamentals

Long Term Districts	45 years from first bond issuance; long-term committed revenues; districts can be formed in 12-18 months
Governance	Public Financing Authority (PFA) led by city or county implements Infrastructure Financing Plan (IFP) – IFP is the investment plan of the EIFD, managed by the PFA
Approvals	Mandatory public hearings for formation (includes protest opportunity); no public vote to issue debt
Non-contiguous Areas	EIFD project areas <u>do not have to be contiguous</u> , allowing them to target specific sites / areas and making them compatible with other zoning / entitlement strategies
Eligible Projects	Any property with useful life of 15+ years & of communitywide significance; purchase, construction, expansion, improvement, seismic retrofit, rehabilitation, and <u>maintenance</u>

Does NOT increase property taxes

Types of Projects EIFD Can Fund

Partial List



Water / Sewer / Storm / Flood



Roadway / Parking / Transit



Parks / Open Space / Recreation



Childcare Facilities & Libraries



Brownfield Remediation



Affordable Housing



Broadband



**Wildfire Prevention / Other
Climate Change Response**

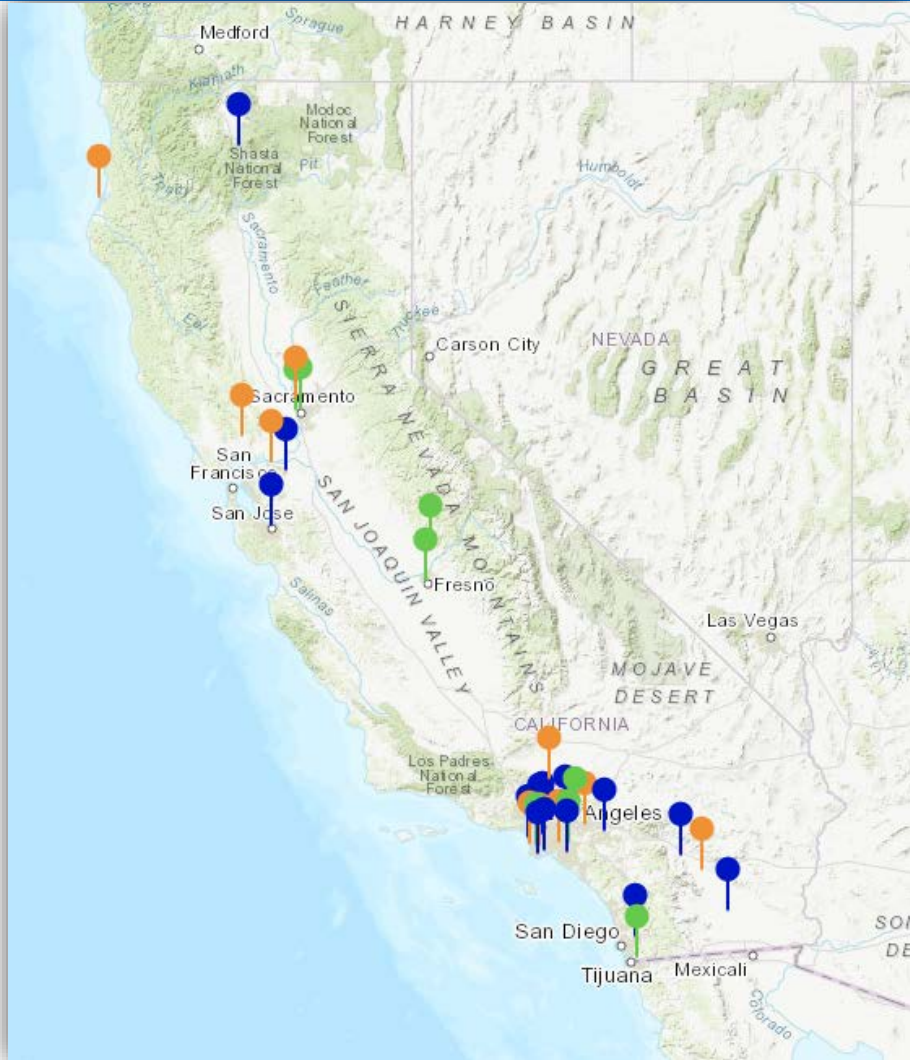


**Small Business /
Nonprofit Facilities**

Why are Public Agencies Authorizing EIFDs?

1. Return on Investment: Private sector investment induced by district commitment (“but for” test) accelerates growth of **net fiscal revenues, job creation, housing production, essential infrastructure improvements**
2. Ability to attract additional funds (“OPM”) – tax increment from other entities (county, special districts), federal / state grants / loans (e.g., for water, housing, parks, remediation)

EIFDs in Progress Statewide (Partial List)



Jurisdiction	Purpose
Azusa	Housing and transit-supportive infrastructure
Brentwood	Housing and transit-supportive infrastructure
Buena Park	Mall reimagination, housing-supportive infrastructure
Carson + L.A. County	Remediation, housing infrastructure, recreation
Coachella Valley Association of Govts (CVAG) Cities	Housing and transit-supportive infrastructure
Covina	Housing and transit-supportive infrastructure
El Cajon	Housing and transit-supportive infrastructure
El Segundo + L.A. County	Various infrastructure, regional connectivity
Fairfield	Housing and transit-supportive infrastructure
Fresno	Housing and transit-supportive infrastructure
Fresno County	Industrial and commercial supportive infrastructure
Humboldt County	Mixed-use & energy supportive infrastructure
Indian Wells	Housing and tourism-supportive infrastructure
Imperial County	Housing and greenfield infrastructure
La Verne + L.A. County	Housing and transit-supportive infrastructure
Long Beach (Multiple Districts)	Housing and transit-supportive infrastructure
Los Angeles (Downtown, San Pedro)	Housing and transit-supportive infrastructure
Los Angeles County Uninc. West Carson	Housing / bio-science / tech infrastructure
Madera County (Two Districts)	Greenfield infrastructure (water / sewer)
Modesto + Stanislaus County	Housing, transit, recreation-supportive infrastructure
Mount Shasta + Siskoyou County	Rural Brownfield site mixed-use infrastructure
Napa	Housing and transit-supportive infrastructure
Ontario	Housing and transit-supportive infrastructure
Palmdale + L.A. County	Housing and transit-supportive infrastructure
Pittsburg	Housing and transit-supportive infrastructure
Placentia + Orange County	Housing and transit-supportive infrastructure
Rancho Cucamonga	Housing and transit-supportive infrastructure
Redondo Beach + L.A. County	Parks / open space, recreation infrastructure
Riverside	Housing and transit-supportive infrastructure
Sacramento County (Unincorporated)	Industrial / commercial supportive infrastructure
San Bernardino County (Unincorporated)	Transit-supportive infrastructure
San Jose	Housing and transit-supportive infrastructure
Santa Ana	Housing and transit-supportive infrastructure
South Gate	Housing and transit-supportive infrastructure
West Santa Ana Branch Transit Corridor Cities	Housing and transit-supportive infrastructure
Yucaipa	Housing and transit-supportive infrastructure

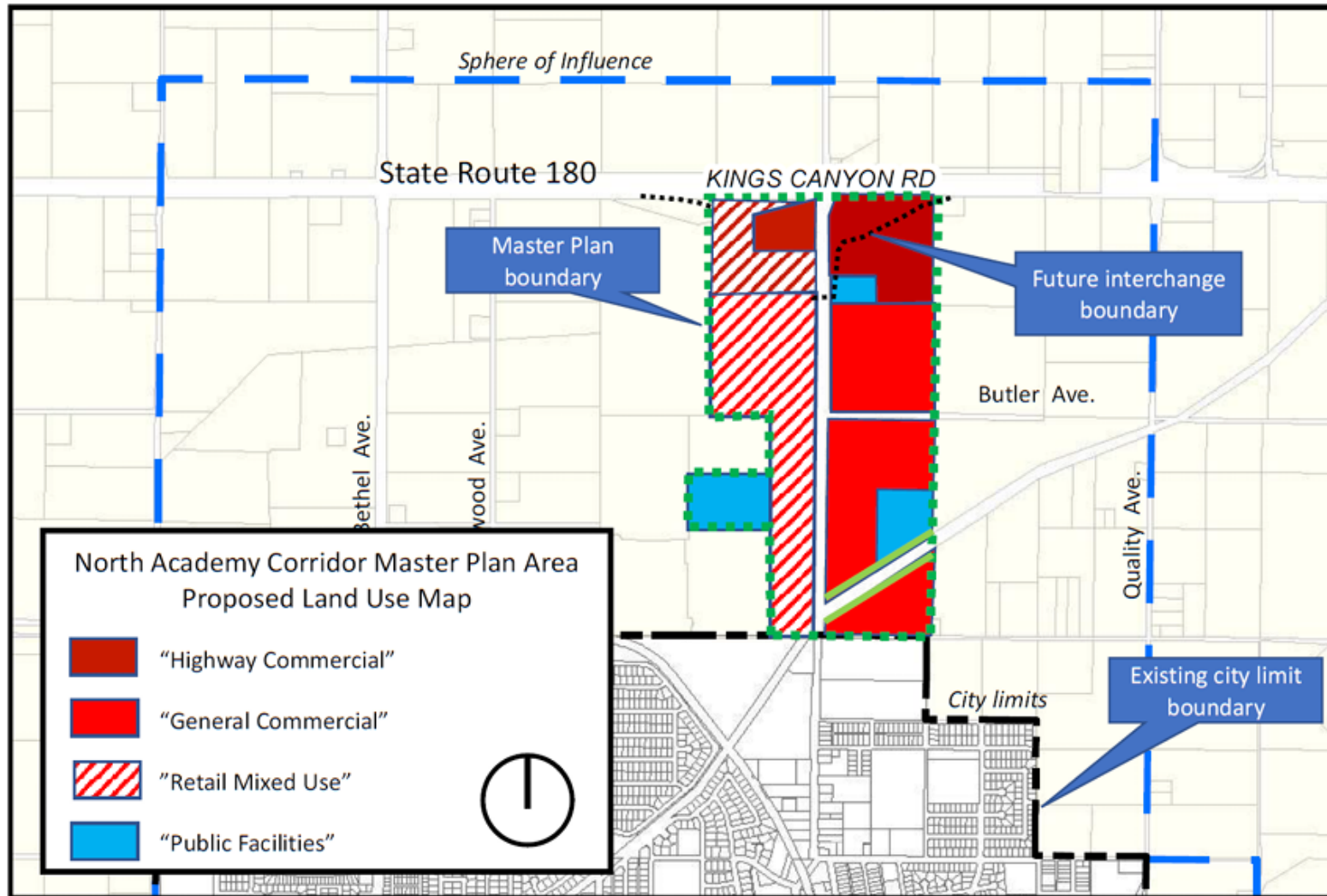
Fully Formed	In Formation Process	Under Evaluation
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Contents of the Infrastructure Financing Plan (IFP)

- A. Description of the District
- B. Description of Proposed Facilities and Development
- C. Finding of Communitywide Significance
- D. Financing Section
- E. Goals of the District
- F. Appendices (e.g., Map, Legal Description, Financial Analysis Detail)

Proposed EIFD Boundaries

North Academy Corridor Master Plan Area



- Approx. 280 acres (7% of Citywide acreage)
- Approx. \$17M in existing assessed value (1% of Citywide A/V)

Future Development Potential

Master Plan Buildout Scenario

Land Use	Estimated Acreage	# SF or Units	Estimated AV Factor	Estimated Total AV at Buildout
Commercial / Retail	91.4	358,094 SF	\$225 PSF	\$81 million
Commercial / Office	102.3	414,930 SF	\$195 PSF	\$81 million
Hotel	8.1	135 rooms	\$175,000 per room	\$24 million
Residential	43.0	215 units	\$500,000 per unit	\$108 million
Buildout Potential within EIFD Boundary				\$293 million

Targeted Infrastructure Improvements

Potential Priority Projects	Estimated Cost	Estimated Timing
1) Water and sewer, and other utility infrastructure, including potential contribution to sewage treatment plant upgrades)	\$20-40M	2025-2035
2) Parks, open space, and other recreational infrastructure, including potential related land acquisition costs, and future ongoing maintenance costs		

- PFA could incorporate additional projects in the future, based on future planning and study
- Projects that would catalyze and support future development while delivering significant communitywide benefits

Financing Section

- City commits **100%** of its future property tax increment within the boundary for approx. 50 years – may be revised / reduced by PFA in the future
- Funding totals approximately \$67M in nominal dollars (**\$27M** in present-value dollars)
- Strategy is to generate sufficient EIFD funding capacity while still delivering significant positive net fiscal impact (“return on investment”) to the General Fund

Utilizing the EIFD to Attract other Public Funding

EIFD will be leveraged to seek grant funding and additional complementary funding

Federal & State Sources

- State grant and loan programs (AHSC, IIG, TCC, ATP, HSIP)
- Prop 1 water/sewer funds
- Prop 68 open space funds
- Federal EDA / DOT / EPA funding



Other Potential Funding Sources

- Development Agreement contributions
- Complementary districts (e.g., CFD)
- Private investment

Regional and Communitywide Significance

- Implementation of essential infrastructure improvements of communitywide and regional benefit, quality of life improvement
- Economic benefits:
 - **2,171** permanent, direct jobs from operation; additional 918 indirect and induced permanent jobs, supporting **\$144M** in ongoing wages in the County
 - **3,461** temporary construction-related jobs*, supporting **\$219M** in temporary wages in the County
 - Housing: **215 units**
- Acceleration of development and related fiscal revenues:
 - Positive City general fund net fiscal impact of **\$15M** over district lifetime, further improving drastically after district termination (net of City service costs and net of City contribution to EIFD)**

* 6,922 construction job-years, where a construction job-year is defined as one-year of employment for one construction-related worker

** Present value benefit at 3% discount rate (\$41M benefit in nominal dollars)

Estimated Net Fiscal Impacts

	Annual (Stablized Year 30)	Year 0-50 Nominal Total	Year 0-50 Present Value @ 3.0%
City of Sanger			
Estimated Fiscal Revenues (Net of Allocation of TI to EIFD)	\$2,748,900	\$113,886,200	\$42,343,900
Estimated Fiscal Expenditures	\$1,764,200	\$73,355,500	\$27,314,500
Estimated Net Fiscal Impact to City	\$984,700	\$40,530,700	\$15,029,400

Review of Targeted EIFD Formation Schedule

Target Date	Task
Today / May 10, 2022	a) PFA holds an initial public meeting to present the draft IFP to the PFA and public
T / June 14, 2022	b) PFA holds first “official” public hearing to hear written and oral comments but take no action
T / July 5, 2022	c) City Council consideration of resolution approving IFP
T / July 18, 2022	d) PFA holds second public hearing to hear additional comments and take possible action to modify or reject IFP
T / August 23, 2022	e) PFA holds third public hearing to consider oral and written protests and take action to terminate proceedings or introduce resolution approving IFP and forming the EIFD
September 2022	f) Filings with BOE per guidelines from Board for Change of Jurisdictional Boundaries

Next Steps

- Receive and address initial questions and feedback from PFA and the public (no formal action to be taken)
- First PFA public hearing targeted for June 14, 2022
- All EIFD documents available at <https://www.ci.sanger.ca.us/500/Enhanced-Infrastructure-Financing-Distri>

THANK YOU

Questions?

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