



Enhanced Infrastructure Financing District (EIFD)

Introductory Presentation to the Public Financing Authority (PFA)

March 29, 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 5-20 years
- 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 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
- The purpose of today's meeting is to provide the PFA with a general overview of EIFD, answer questions, and direct the preparation of the governing Infrastructure Financing Plan (IFP)
- After today's hearing, the draft IFP will be presented at a PFA public meeting, and then 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

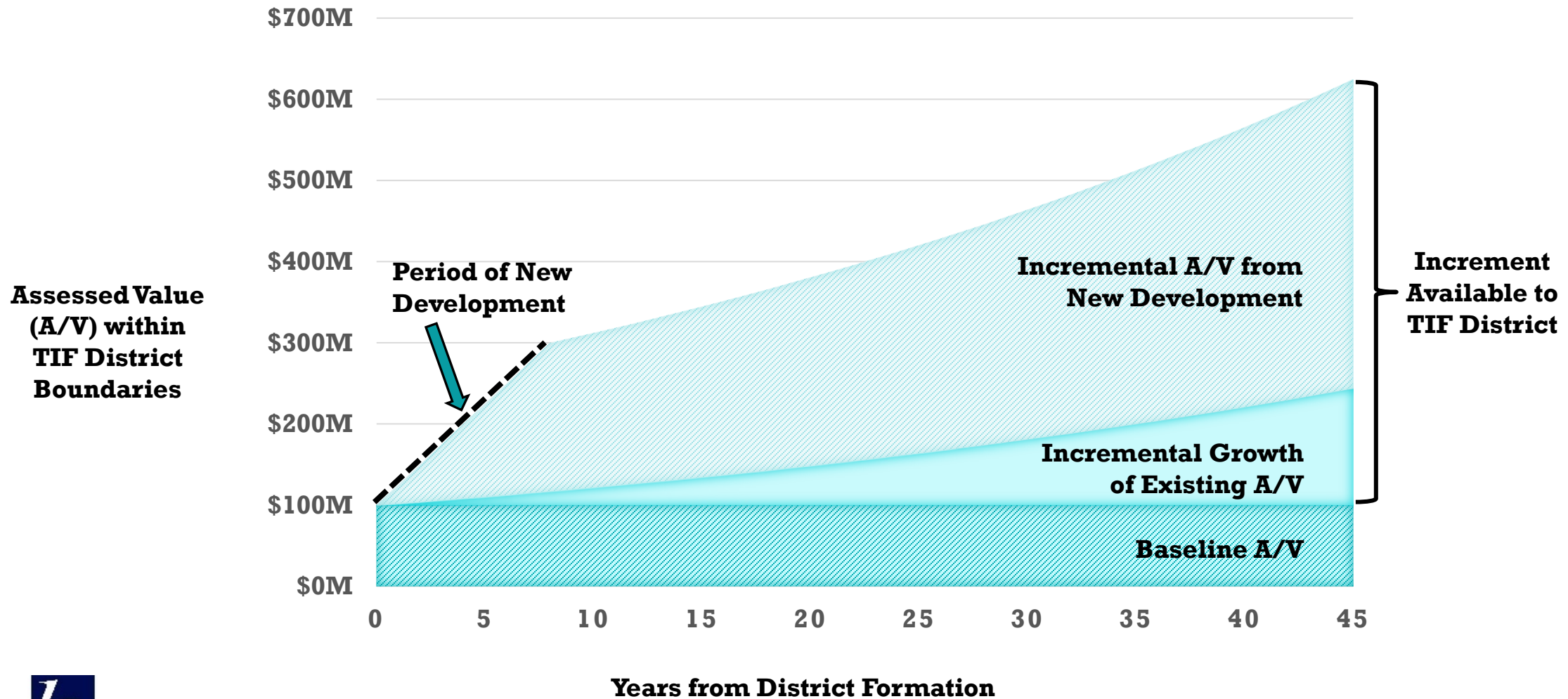


Outline

1. EIFD Overview
2. Previously Prepared EIFD Feasibility Analysis
3. Next Steps and Timing

Tax Increment Mechanisms

Illustrative



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**



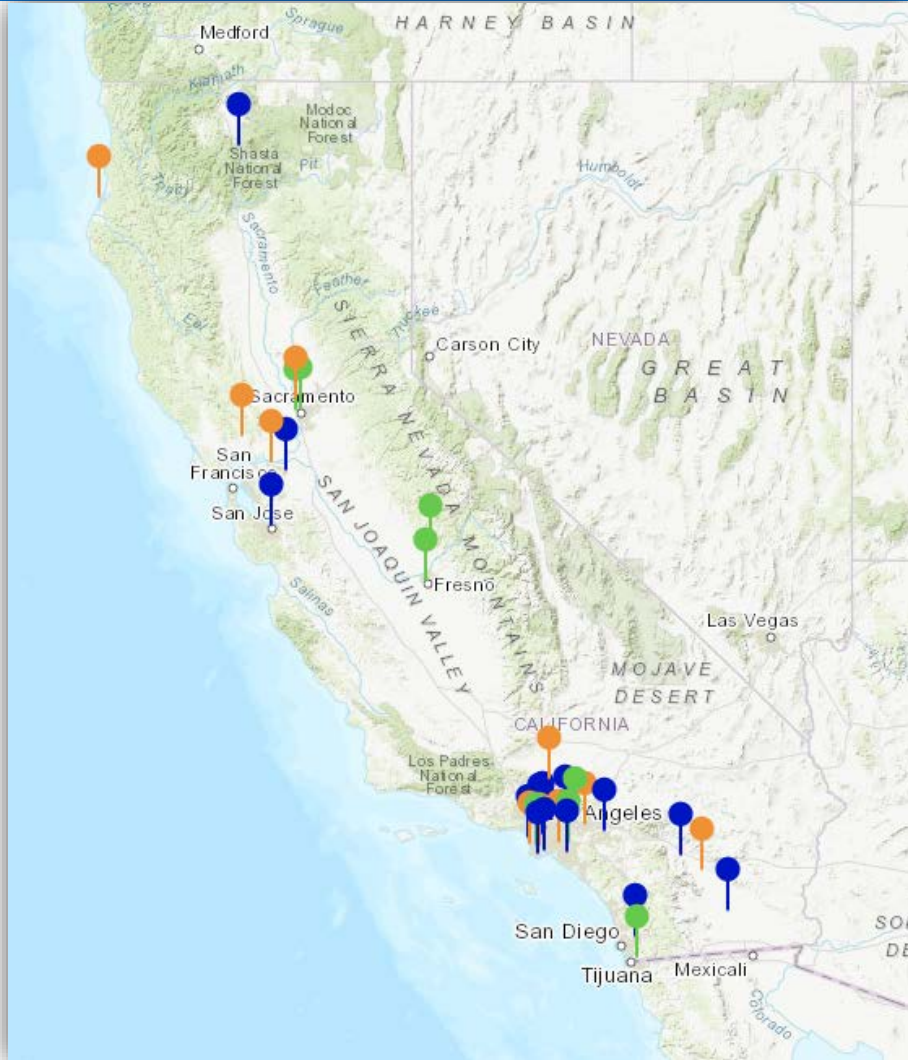
**Small Business /
Nonprofit Facilities**

Why are Public Agencies Authorizing EIFDs?

1. Return on Investment: Private sector investment induced by district commitment 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)
3. Commitment of future revenues (versus existing revenues) to catalyze economic development that would not occur as quickly or intensely but for the TIF commitment

EIFDs in Progress Statewide

(Partial List)

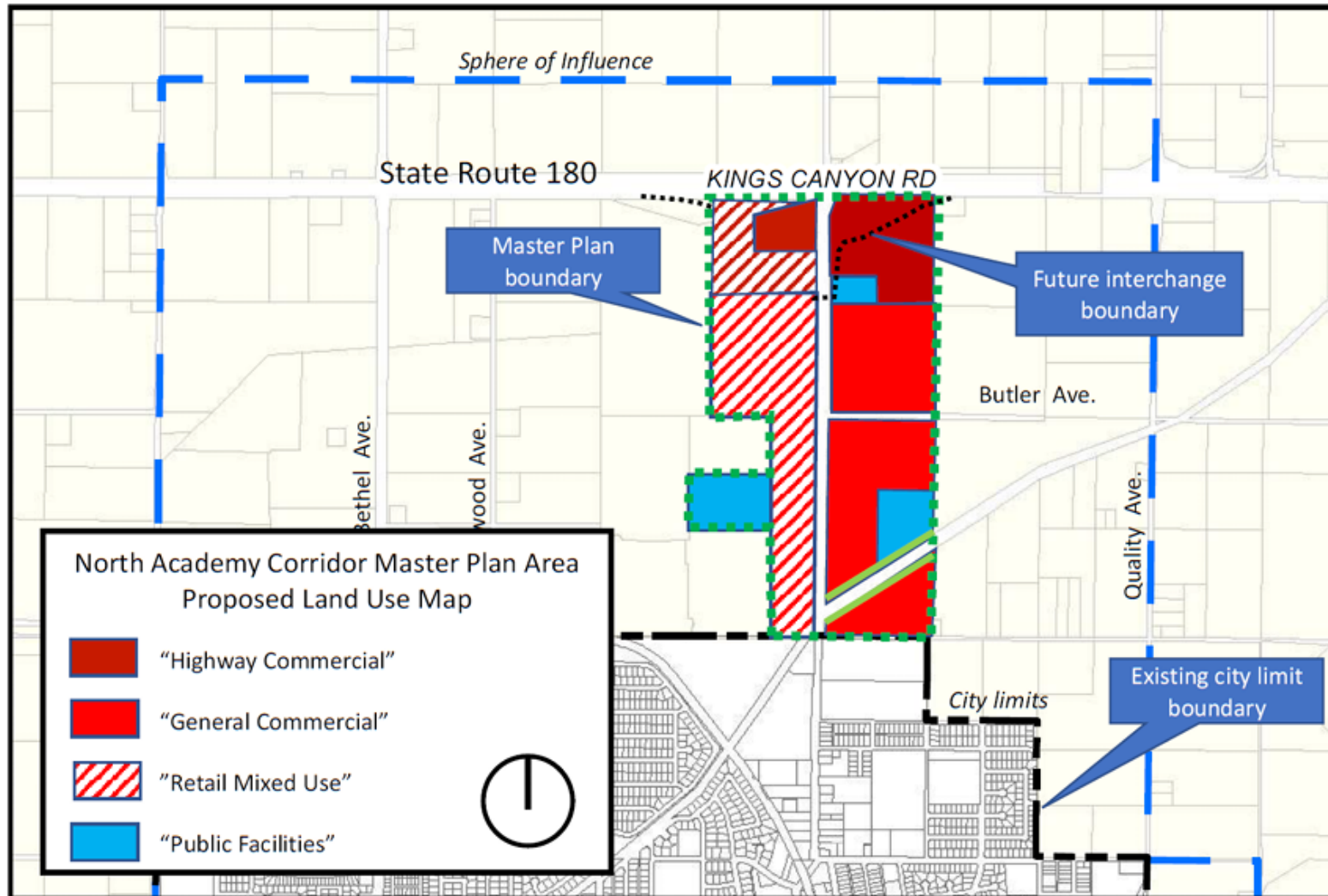


Jurisdiction	Purpose
Azusa	Housing and transit-supportive infrastructure
Brentwood	Housing and transit-supportive infrastructure
Buena Park	Mall reimagination, housing-supportive infrastructure
Carson + L.A. County	Remediation, housing infrastructure, recreation
Coachella Valley Association of Govts (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
---------------------	-----------------------------	-------------------------

Proposed EIFD Boundaries

North Academy Corridor Master Plan Area



- Approx. 245 acres, not including ~25 acres of public right-of-way (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
Highway Commercial Retail	38.8	304,005 SF	\$225 PSF	\$47 million
Mixed Use Retail	52.6	412,183 SF	\$225 PSF	\$47 million
General Commercial	93.1	729,859 SF	\$225 PSF	\$47 million
Hotel	8.1	270 rooms	\$175,000 per room	\$28 million
Office	9.2	1000,000 SF	\$195 PSF	\$47 million
Residential	43.0	430 units	\$500,000 per unit	\$936 million
Buildout Potential within EIFD Boundary				\$783 million



*Note: AV at buildout values in current 2022 dollars.
Source: City of Sanger, CoStar (2022)*

Targeted Infrastructure Improvements

- Core water, sewer, and other utility infrastructure (potential contribution to sewer treatment plan upgrades)
- Potential park, open space, recreational infrastructure
- Projects that would catalyze and support future development while delivering significant communitywide benefits

Financing Section

- City staff and consultants are still evaluating scenarios of potential revenue contribution
- Strategy is to generate sufficient EIFD funding capacity while still delivering significant positive net fiscal impact (“return on investment”) to the General Fund
- The IFP may direct allocation of up to 100% of future property tax increment within the EIFD for up to 45 years from approval of first debt issuance (percentage can change over time)

Regional and Communitywide Significance

- Implementation of essential infrastructure improvements of communitywide and regional benefit
- Social impacts: Quality of life improvement, environmental sustainability
- Economic benefits:
 - Permanent, direct jobs from operation; additional indirect and induced permanent jobs and wages elsewhere in the region
 - Temporary construction-related jobs and wages
 - Housing production
- Acceleration of development and related fiscal revenues:
 - Final contribution scenario still being evaluated
 - Strategy will be to accelerate and generate significant positive City General Fund net fiscal impact versus “no-EIFD” scenario (net of City contribution to EIFD and net of City service costs)

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

Review of Targeted EIFD Formation Schedule

Potential Target Date	Task
Today 3/29/2022	a) Intro PFA meeting for organizational “housekeeping”, overview of EIFD, formally direct preparation of the IFP
April 2022	b) Preparation of draft Infrastructure Financing Plan (IFP)
Week of May 9, 2022	c) PFA holds an initial public meeting to present the draft IFP to the PFA and public
Week of June 13, 2022	d) PFA holds first “official” public hearing to hear written and oral comments but take no action
Week of July 5, 2022	e) City Council consideration of resolution approving IFP
Week of July 18, 2022	f) PFA holds second public hearing to hear additional comments and take possible action to modify or reject IFP
Week of August 22, 2022	g) 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	h) Filings with BOE per guidelines from Board for Change of Jurisdictional Boundaries

Next Steps

- Receive and address initial questions and feedback from PFA
- Actions for consideration by PFA Board today:
 1. Consider Resolution No. 22-001 of the PFA, determining the time, place and manner of meetings, and members of the PFA board
 2. Receive and file this overview of TIF / EIFD
 3. Provide direction regarding EIFD formation schedule
 4. Consider Resolution No. 22-002 of the PFA, requesting the preparation of the Infrastructure Financing Plan
 5. Direct preparation of PFA Bylaws
- Staff and consultant team will return with presentation of draft IFP in April / May TBD

THANK YOU

Questions?

Kosmont Companies

1601 N. Sepulveda Blvd. #382 Manhattan Beach, CA 90266

Ph: (424) 297-1070 | Fax: (424) 286-4632

www.kosmont.com

Disclaimer

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis.

Discussions or descriptions of potential financial tools that may be available to the City are included for informational purposes only and are not intended to be to be “advice” within the context of this Analysis.

Municipal Advisory activities are conducted through Kosmont Companies’ affiliate, Kosmont Transaction Services, which is Registered as a Municipal Advisor with the SEC and MSRB.