



Legislation Text

File #: 2024-0173, Version: 1

Report to Mayor and City Council

Wednesday, March 06, 2024

Consent

SUBJECT:

CONSIDER APPROVAL OF AN ADMINISTRATIVE REIMBURSEMENT AGREEMENT BETWEEN THE CITY OF CARSON AND THE CARSON ENHANCED INFRASTRUCTURE FINANCING DISTRICT (CITY COUNCIL)

I. SUMMARY

Since 2017, the City of Carson (“City”) initiated efforts to form the Carson Enhanced Infrastructure Financing District (“Carson EIFD”). The initial efforts led by the City include preparing an EIFD feasibility analysis, conducting outreach to potential public partners, and initiating formation efforts. In 2020, the County of Los Angeles (“County”) expressed its intent to participate as a taxing entity to the Carson EIFD by adoption of a resolution. The efforts led by the City, and in partnership with the County, has resulted in the successful formation of the Carson EIFD.

The newly formed EIFD aims to support needed public infrastructure, low and moderate income and workforce housing, rehabilitation, and environmental mitigation and remediation of brownfields of properties as described by the adopted Infrastructure Financing Plan (“IFP”). However, the Carson EIFD does not have any personnel, official equipment, or other facilities necessary to conduct its essential operations and to carry out its remediation and project development programs. The City is best positioned to aid the Carson EIFD in the form of personnel and City services in order for the Carson EIFD to function efficiently and to fulfill the purposes for which it was formed.

Attached for the City Council’s approval is the Administrative Reimbursement Agreement (“Agreement”) (Exhibit No. 1) which allows the City to provide certain administrative services to the Carson EIFD provided that the Carson EIFD reimburse the City for such services. This Agreement was previously approved by the Carson EIFD Public Financing Authority (“PFA”) at its annual meeting on June 12, 2023.

II. RECOMMENDATION

TAKE the following Action:

1. **APPROVE** the Agreement; **AND**
2. **AUTHORIZE** the Mayor to execute the Agreement, following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

Although City efforts to form the Carson EIFD began in 2017, staff acting in capacity as staff to the Carson EIFD, has proposed, and the PFA has approved, the reimbursement of direct City expenses starting July 1, 2020 (i.e., Fiscal Year 2020-2021) and onward. The proximate date was selected as the start date for the reimbursement because it was around the same time the County have expressed its intent to participate as a taxing entity to the Carson EIFD. All costs incurred before July 1, 2020, would be absorbed by the City. The intent of the Agreement is to reimburse the City the EIFD formation costs as much as possible under EIFD laws and the adopted bylaws. The Agreement will also reimburse the City on a going forward basis for EIFD services.

At this time, the approximate direct formation costs include the following:

- **Legal Description Engineering Consultant - \$52,505.79.** This is the total cost for legal description services performed by P.A. Arca Engineering to form the Carson EIFD boundaries.
- **EIFD Consultant - \$22,153.30.** This amount is for work performed by Kosmont & Associates, Inc. preparing the IFP and related exhibits and financial projections, attendance at various meetings, and providing consultation throughout the whole formation process.
- **Legal Fees - \$209,528.79.** This amount is for legal guidance throughout the formation process and include the review and/or preparation of contracts, resolutions, bylaws, and other documents items that may require legal input. This amount includes the recent validation taken by the City and the Carson EIFD as directed by Council under Resolution No. 22-142.

- **Direct Staff Time - \$106,000 (estimate).** This estimate includes the cost of two City staff members (Manager and Administrative Secretary) directly involved with the day-to-day operations of the Carson EIFD at 15% Full Time Equivalent (FTE). Not included in this amount are indirect City staff costs including IT, GIS, accounting, planning, other administrative and executive staff even though these members may to some degree assisted with the Carson EIFD formation efforts.
- **Operations (Printing & Noticing) - \$18,000 (estimate).** Some direct operation costs such as printing and public noticing are included in this estimate. Overhead costs such as borrowing of equipment, renting of facilities, and more are not included in the formation cost estimate.
- **State Board of Equalization (BOE) Filing Fee - \$16,850.00.** The formation of the Carson EIFD required a filing with the State BOE. This amount is for the fee associated with the filing.
- **County EIFD Contribution - (\$50,000).** As part of the Memorandum of Agreement between the City and County, the County contributed \$50,000 towards the formation of the Carson EIFD. This amount is deducted from the total formation costs.

Over a three-year period, the total cost of forming the Carson EIFD (direct expenses only) is approximately \$425,000 (i.e., approximately \$141,667 per year). The County previously contributed \$50,000 towards the formation which reduces the formation costs to \$375,000 or \$125,000 per year. Prior to any reimbursement to the City, a final accounting of these expenses would be provided to the Carson EIFD at a later time for approval. At that time, the EIFD Board will adopt a budget resolution to finalize the transfer of funds to the City.

V. FISCAL IMPACT

The fiscal impacts of the Agreement for formation costs are provided in detail in the above background section. In summary, the general fund may be reimbursed one-time in the amount of \$375,000 by EIFD revenues (contributed by both the County and the City) for formation efforts. Additionally, on a recurring and future basis, fees incurred by the City for the operations of the Carson EIFD would be reimbursable resulting in future savings to the City's general fund.

VI. EXHIBITS

1. Reimbursement Agreement (pgs.5 -12)

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