



Legislation Details (With Text)

File #: 2019-1080 **Version:** 1 **Name:**
Type: Consent **Status:** Agenda Ready
File created: 11/26/2019 **In control:** City Council
On agenda: 1/14/2020 **Final action:**
Title: CONSIDER APPROVAL OF AMENDMENT NO. 3 TO AGREEMENT WITH KOSMONT & ASSOCIATES FOR ENHANCED INFRASTRUCTURE FINANCING DISTRICT CONSULTING SERVICES (CITY COUNCIL)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit No. 1 - Kosmont Contract Amendment No. 3

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Report to Mayor and City Council

Tuesday, January 14, 2020

Consent

SUBJECT:

CONSIDER APPROVAL OF AMENDMENT NO. 3 TO AGREEMENT WITH KOSMONT & ASSOCIATES FOR ENHANCED INFRASTRUCTURE FINANCING DISTRICT CONSULTING SERVICES (CITY COUNCIL)

I. SUMMARY

On September 3, 2019, staff and the City's EIFD Consultant, Kosmont & Associates ("Kosmont"), provided a brief update to the City Council and requested direction regarding the formation of the proposed Carson Enhanced Finance Infrastructure District ("EIFD"). The City Council directed staff to form the Carson EIFD without the initial participation of the other taxing entities, and also continue soliciting the participation of other taxing entities into the Carson EIFD. Pursuant to the direction received, and also in response to new EIFD legislative requirements enacted by the State effective January 1 2020, the City adopted Resolution No. 19-192 on December 3, 2019 to declare its intention to form a Carson EIFD under 2019 EIFD laws. In addition, the December 3, 2019 staff report stated that a contract amendment with Kosmont would be presented early this year to complete the EIFD formation process.

Kosmont Contract Amendment (Amendment No. 3) adds the following tasks to the existing contract: (1) Updates on County discussions and direction on EIFD partnerships, (2)

Resolution of Intent and establishment of the Public Financing Authority, (3) Infrastructure Financing Plan completion and distribution, (4) Infrastructure Financing Plan (IFP) approval and EIFD formation hearings, and (5) As-needed real estate and project financing advisory services (Special Projects). The proposed Amendment No. 3 would also extend the term by an additional year, from July 1, 2020 to June 30, 2021. Additionally, the contact sum would be increased by \$55,000, from \$79,990 to a total a contract amount of \$134,990 to accommodate the additional scope of services and extended term.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE Amendment No. 3 to the Contract Agreement with Kosmont & Associates, extending the term by one-year through June 30, 2021 for an additional amount of \$55,000 (total contract sum of \$134,990) and;
2. AUTHORIZE the Mayor to execute the Agreement, following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE any other action the City Council deems appropriate.

IV. BACKGROUND

Original Kosmont Contract (EIFD Feasibility Evaluation Phase)

In February 2017, the City entered into an agreement with Kosmont & Associates to evaluate the feasibility of establishing an Enhanced Infrastructure Financing District (EIFD) to fund essential infrastructure improvements in the City. EIFDs do not increase property taxes for property owners, but instead use the increase in property taxes when properties are developed (tax increment) to finance improvements. Kosmont's evaluation concluded that Enhanced Infrastructure Financing Districts have the capacity to assist the City and would be most effective with partnerships among other taxing entities.

Amendment Nos. 1 and 2 (EIFD Outreach and Analysis Phase)

Subsequent to this initial evaluation, the City approved an amended contract in the amount of \$55,000 on February 6, 2018 to work towards the establishment of City's EIFD (Amendment No. 1). During this term, Kosmont & Associates and the City reached out to the County of Los Angeles, as the major taxing entity, to participate and partner in the EIFD. However, during these discussions, the County of Los Angeles did not appear interested to participate in Carson's EIFD. The only City who has formed an EIFD is La Verne in LA County. The County is expected to adopt a resolution to join La Verne's EIFD by the end of this month. Amendment No. 1 also included tasks of preparing draft EIFD boundaries, drafting infrastructure financing plan, and refining preliminary tax increment projections. A second amendment (Amendment No. 2) was approved on May 7, 2019 to extend the term duration to June 2020 to allow more time for completion of these tasks.

Added Scope of Services for Amendment No. 3 (EIFD Formation, Continued Outreach, and Special Projects Phase)

Tonight's action would update Kosmont scope of services to include the following five tasks: (1) Updates on County discussions and direction on EIFD partnerships, (2) Resolution of Intent and establishment of the Public Financing Authority, (3) Infrastructure Financing Plan completion and distribution, (4) Infrastructure Financing Plan (IFP) approval and EIFD formation hearings, and (5) As-needed real estate and project financing advisory services (Special Projects). The following provides a more detailed description of the proposed scope of services:

- (1) Updates on County discussions and direction on EIFD partnerships.** Given recent legislative updates, statewide progress in city/county EIFD partnerships, and the County's recent EIFD evaluation activities in both incorporated and unincorporated areas of the County, Kosmont will assist the City with preparation and discussion with the appropriate County administrative and supervisory staff. The goal of this Task is to receive direction/confirmation on whether the City should proceed with EIFD initially with or without County partnership (recognizing that the County may join in a subsequent year).
- (2) Resolution of Intent and Establishment of the Public Financing Authority.** Kosmont will assist staff (and potentially County staff and County Counsel) with the preparation of requisite documentation for the Resolution(s) of Intent ("ROI") to form the EIFD, including appropriate designation of the governing PFA board members. Kosmont will assist with coordination and presentation at the required meeting(s) of the City Council (and potentially County Economic Development Policy Committee and Board of Supervisors) to adopt the ROI and will assist with required noticing of the ROI following the legislative body action(s).
- (3) Infrastructure Financing Plan Completion and Distribution.** Kosmont will collaborate with staff (and potentially County staff) on the completion of the required Infrastructure Financing Plan ("IFP") and related appendices, for which Kosmont will have already provided a template as well as the financial analysis components completed as part of previous phase. Kosmont will assist staff in the required distribution of the IFP and noticing requirements to property owners within the EIFD and to affected taxing entities.
- (4) Infrastructure Financing Plan Approval and EIFD Formation Hearings.** Kosmont will assist in coordination and will present an overview of the EIFD and IFP at the required City Council meeting (and potential County Board of Supervisors meeting) and PFA hearing(s) to approve the IFP and form the EIFD. Once the EIFD is successfully formed, Kosmont will assist staff in completing the required filings for Change of Jurisdictional Boundaries with the State Board of Equalization.
- (5) Special Projects - As-needed Real Estate and Project Financing Advisory Services.** As directed by the City Manager and staff, Kosmont will provide real estate and special financing advisory services on various real projects as mutually agreeable by Kosmont and the City.

V. FISCAL IMPACT

The Amendment No. 3 extends the contract term to June 30, 2021 and will cost up to an additional \$55,000. The proposed amendment will be paid by the General Fund, specifically the Community Current Planning Professional Services Account No. 101-70-780-290-6004.

VI. EXHIBITS

1. Amendment No. 3 to Contract Agreement with Kosmont & Associates. (pgs. 5-23).

Prepared by: James Nguyen, Project Manager