



CITY OF CARSON

Legislation Text

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Report to Mayor and City Council

Tuesday, February 06, 2018

Consent

SUBJECT:

AMENDMENT NO. 1 TO AGREEMENT FOR CONTRACT SERVICES WITH KOSMONT & ASSOCIATES FOR ENHANCED INFRASTRUCTURE FINANCING DISTRICT CONSULTING SERVICES (CITY COUNCIL)

I. SUMMARY

In 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 with other taxing entities. The scope of work for this contract amendment, in the amount of \$55,000, is to implement the next logical steps in the process for the City to work towards the establishment of City's EIFD. Additional steps will be necessary to complete the formation of the EIFD by staff and/or other consultants.

II. RECOMMENDATION

TAKE the following actions:

1. WAIVE the bidding requirements in Chapter 6 ("Purchasing System") of Title II of the Carson Municipal Code, pursuant to Carson Municipal Code Section 2611(e) ("Sole Source Purchasing"); and
2. APPROVE Amendment No. 1 to the Agreement for Contractual Services by and Between the City of Carson with Kosmont & Associates in a total amount of \$79,990.00 ("Agreement"), in a form substantially similar to the attached Agreement, subsequent to potential further negotiation and finalization by the City Attorney; and
3. AUTHORIZE Mayor to execute the Agreement, upon approval as to form, by the City Attorney.

III. ALTERNATIVES

None.

IV. BACKGROUND

Kosmont & Associates was originally retained by the City in 2016 to help evaluate the Vision Plan area surrounding the District at South Bay Specific Plan area (157 acre site). In February of 2017, Kosmont was retained to evaluate the feasibility of an EIFD to support the financing of essential infrastructure improvements in the City. The key findings of the Kosmont report included:

- EIFDs are most effective when formed prior to initiation of significant development in the City to capture the maximum tax increment.
- EIFDs have the capacity to serve as a financial vehicle to help fund key infrastructure and spur revitalization in the City, inducing fiscal revenues, job creation and public health benefits.
- EIFDs would be most effective with partnerships with the taxing entities such as the County and special districts or other funding sources.

Attached is an Agreement for execution between the City and Kosmont & Associates. As part of the amended agreement, Kosmont will help the City to:

- Reach out to potential partners;
- Determine the final boundary of the EIFD;
- Assist in establishing the composition of the Public Financing Authority;
- Prepare the Infrastructure Financing Plan (IFP) document template;
- Refine the preliminary tax increment projections; and
- Prepare the fiscal impacts of the formation of the EIFD and the associated development on the taxing entities.

During the completion of the above tasks, staff and Kosmont will identify the final steps necessary towards the formation of the EIFD.

V. FISCAL IMPACT

The scope of work for original contract has been completed and the original contract amount for \$24,990.00 has been fully paid (tasks 1-5 of Exhibit 1). The cost to complete the scope of work for amendment No. 1 is \$55,000.00 and funds have been budgeted for FY 2017/18 for contract services in account number 01-70-870-290-6005 (tasks 6-8 of Exhibit 1). The total contract amount is \$79,990.00. If necessary, additional scope of work and cost will be identified at a later date to complete the EIFD formation process.

VI. EXHIBITS

1. Amendment No. 1 to Kosmont & Assoc. Agreement for Contract Services. (pgs. 4-17)

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