



# CITY OF CARSON

## Legislation Text

File #: 2022-588, Version: 1

### Report to Mayor and City Council

Tuesday, July 05, 2022

Consent

#### SUBJECT:

**CONSIDER THE FOLLOWING MATTERS RELATING TO THE ESTABLISHMENT OF THE CARSON ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD):**

**(1) ADOPTION OF RESOLUTION NO. 22-142 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE INFRASTRUCTURE FINANCING PLAN FOR THE CITY OF CARSON ENHANCED INFRASTRUCTURE FINANCING DISTRICT AND THE ALLOCATION OF THE CITY'S INCREMENTAL TAX REVENUE FROM THE PROJECT AREA PURSUANT TO GOVERNMENT CODE SECTION 53398.75 ET SEQ;**

**(2) ADOPTION OF RESOLUTION NO. 22-143 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE PUBLIC FINANCING AUTHORITY OF THE CITY OF CARSON ENHANCED INFRASTRUCTURE FINANCING DISTRICT AMENDED AND RESTATED BYLAWS (CITY COUNCIL)**

#### **I. SUMMARY**

On March 16, 2021, the City Council adopted Resolution No. 21-026 declaring intention to establish the City of Carson Enhanced Infrastructure Financing District ("Carson EIFD") to finance the construction and/or acquisition and maintenance of capital improvements, remediation of brownfields, and provision of low- and moderate-income housing. As a result, the Public Financing Authority (PFA) was established. The City appointed Mayor Davis-Holmes, and then- Mayor Pro Tem Dear, and Katie Pandolfo (public member) to serve on the Carson EIFD PFA. The County of Los Angeles ("County") subsequently appointed Ms. Caroline Torosis and Ms. Angela Reddock-Wright to the Carson EIFD PFA. After the appointments, the PFA held a series of meetings and public hearings to discuss EIFD formation matters. At the same time, City and County staff continued ongoing negotiations primarily on matters relating to the draft Infrastructure Financing Plan (IFP).

The Carson EIFD is expected to be fully formed by later this summer or early fall 2022. Once formed, the Carson EIFD would legally constitute as a local government entity separate and distinct from the City and the County, subject to the Ralph M. Brown Act

(open meeting laws), as well as the California Public Records Act and Political Reform Act of 1974. After approximately a year of ongoing discussions with the County staff, the following items were agreed upon by both sides:

- **Infrastructure Financing Plan (IFP), updated April 2022.** EIFD revenues are to be spent in accordance with the IFP. The IFP includes tax increment revenue projections and a list of projects to be funded by the Carson EIFD.

The draft IFP been updated to expand the list of and clarify accounting and funding requirements for the various public facilities to be financed, including, but not limited to, affordable housing development, Victoria Golf Course approved remediation and infrastructure projects, brownfield site remediation, park and recreational development, Dominguez Channel improvements, projects related to the City's Bicycle Master Plan, future City street improvements, and the Commercial Façade Program. The District anticipates using bonds and tax increment to fund the public facilities, housing, and remediation.

The draft IFP (or an earlier version thereof) have been presented to the City's Planning Commission and the Carson EIFD PFA. The first public hearings on the draft IFP were held by the PFA on June 14, 2021 and June 28, 2021. The second public hearings on the draft IFP were held on August 2, 2021, September 13, 2021, May 9, 2022, and May 16, 2022.

Tonight's action, adoption of Resolution No. 22-142 (Exhibit No. 1), is to approve the updated draft IFP. In addition to approving the IFP, the Resolution also authorizes the City Attorney and/or Bond Counsel to file a validation action for the Carson EIFD proceedings.

The County of Los Angeles will also be considering approval of the same draft IFP at its board meeting, tentatively scheduled for July 12, 2022. Final approval of the draft IFP will take place at the PFA's third public hearing tentatively scheduled for July 25, 2022. To capture the prior year as the base year for tax increments, staff is targeting a Carson EIFD formation completion date of August 2022.

- **Amended and Restated Bylaws.** The City Council originally approved the Bylaws on May 18, 2021. Adoption of Resolution No. 22-143 (Exhibit No. 2) will amend the original Bylaws which will govern the implementation of the Carson EIFD and its PFA. In summary, the PFA Amended and Restated Bylaws establish rules pertaining to PFA membership roles, meetings, officer duties, election procedures, vacancies, approval authority and other related matters. Updates to the Bylaws include minor administrative corrections and other changes with input from the County. A redlined version of the Amended and Restated Bylaws is also provided under Exhibit No. 5 for comparison purposes. The Amended and Restated Bylaws was approved by the PFA on May 16, 2022; however, it requires City Council approval as well.

## II. RECOMMENDATION

**TAKE** the following actions:

1. **WAIVE** further reading and **ADOPT** Resolution No. 22-142, “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE INFRASTRUCTURE FINANCING PLAN FOR THE CITY OF CARSON ENHANCED INFRASTRUCTURE FINANCING DISTRICT AND THE ALLOCATION OF THE CITY’S INCREMENTAL TAX REVENUE FROM THE PROJECT AREA PURSUANT TO GOVERNMENT CODE SECTION 53398.75 ET SEQ”; **AND**
2. **WAIVE** further reading and **ADOPT** Resolution No. 22-143, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE PUBLIC FINANCING AUTHORITY OF THE CITY OF CARSON ENHANCED INFRASTRUCTURE FINANCING DISTRICT AMENDED AND RESTATED BYLAWS

## III. ALTERNATIVES

**TAKE** any other action the City Council deems appropriate.

## IV. BACKGROUND

EIFDs can aid local government entities in funding public infrastructure, or other specified projects of communitywide significance, primarily by capturing tax increment revenue generated within the district. The primary source of revenue available to an EIFD, like a Redevelopment project area, is tax increment revenue. Therefore, new developments will increase property values, generate increased property taxes, and add revenues to the EIFD. The increased revenue can then be leveraged for additional improvements through the issuance of bonds and/or applied to fund improvements on a “pay-as-you-go” basis from the date of formation. Establishment of EIFDs does not increase the property tax for landowners within the EIFD area or outside the EIFD boundaries.

Since 2017, the City has been working on the formation of the Carson EIFD. As Carson is a low-property-tax city, a partnership with another taxing entity such as the County would greatly enhance the effectiveness and financial capacity of the Carson EIFD to facilitate economic development and growth within the Carson EIFD. The County has approved the MOA to partner with the City in the EIFD formation provided that \$10,000,000 of the Carson EIFD’s funds are used to facilitate the development of the Creek at Dominguez Hills project (“Project”) and at least 20% of all EIFD revenues are set aside for low- to moderate-income housing developments in Carson. The remaining EIFD revenues are to be spent in accordance with the Infrastructure Financing Plan (“IFP”).

### Carson EIFD Infrastructure Financing Plan (“IFP”)

The draft IFP (Exhibit No. 3) include tax increment revenue projections and a list of

projects to be funded by the Carson EIFD. The Carson EIFD is expected to generate approximately \$134 million (in present value dollars) to fund infrastructure and affordable housing projects of communitywide and regional significance over the Carson EIFD's lifetime. This is equivalent to approximately \$313 million in nominal 2022 dollars. The Carson EIFD's lifetime is the earlier of: (1) forty-five (45) years from the date on which the first issuance of bonds or acquisition of a loan is approved by the PFA or (2) June 30, 2099.

The Carson EIFD revenues are funded from the property tax increment generated by properties located within the Carson EIFD boundaries. The Carson EIFD encompasses approximately 1,735 acres of land, representing approximately 14% of the City's total 12,141 acres. The City would contribute 52 percent of its property tax increment within the District to the Carson EIFD. The County would contribute 25 percent of its property tax increment to match the City on a dollar-for-dollar basis. This match effectively doubles the amount of revenue generated in the Carson EIFD (compared to a no partnership scenario) which increases the Carson EIFD's financial capacity to fund eligible infrastructure projects in Carson. It is important to note that projects funded by the Carson EIFD do not necessarily have to be located within the Carson EIFD boundaries. Instead, any project within the City Limits with tangible benefits to the properties within the EIFD would be eligible for funding.

As provided in the draft IFP, the list of projects to be funded by the Carson EIFD is as follows:

1. ***Affordable Housing Projects (\$26.8 million; Year 1 to 50):*** The EIFD will prioritize and implement a 20% affordable housing set-aside, based on all funds generated, for the acquisition, construction, or rehabilitation of housing within City of Carson for persons of very low, low, and moderate income, for rent or purchase. The 20% set-aside of all annual Carson EIFD revenues is a condition required by the County in return for their participation in the Carson EIFD and is applicable throughout the life of the EIFD. The PFA will coordinate with the Carson Housing Authority for implementation and administration of these funds and projects are subject to the approval of the City Council.
2. ***Victoria Golf Course Approved Remediation and Infrastructure Projects (\$10 million maximum; Year 1 to Year 20):*** After the allocation of the affordable housing set-aside, fifty percent (50%) of all annual Carson EIFD revenues will be allocated to the Victoria Golf Course Approved Remediation and Infrastructure Projects until the \$10,000,000 limit is reached. After surpassing the \$10,000,000 limit, all revenues generated by the EIFD would be used for improvements included in the IFP. The \$10,000,000 amount is a condition required by the County in return for their participation in the Carson EIFD. If the Creek at Dominguez Hills or another vertical development at the same location in case the Creek at Dominguez Hills does not move forward, is not substantially completed by December 31, 2032, any funds remaining from the allocation shall be remitted back to the Carson EIFD. Remitted funds may be spent on EIFD eligible projects mutually agreed to by the City and County.

Items No. 3 to 7 below in the draft IFP will be subject to City Council recommendations and approval by the PFA.

3. ***Brownfield Site Remediation (\$10 million to \$75 million; Year 1 to 50):*** The EIFD would fund or partially fund the clean-up various project sites to leverage future development that could include but is not limited to the 157-Acre Carson Reclamation Properties. These projects will spur economic development to accelerate tax increment revenues to the Carson EIFD and separately to the County and City.
  
4. ***Park and Recreational Development (\$5 million to \$15 million; Year 10 to Year 50).*** The EIFD would fund or partially fund the development of parks within the city of Carson.
  
5. ***Dominguez Channel / City of Carson Bicycle Master Plan Improvements / Pedestrian Networks (\$2.5 million to \$5.0 million; Year 15 to Year 50).*** The EIFD would fund or partially fund for infrastructure to improve neighborhood connectivity (e.g., pedestrian and bicycle networks), create a continuous Riverwalk park / trail along the Dominguez Channel. Projects related to the City's Bicycle Master Plan or General Plan would also be eligible under this category.
  
6. ***Future City Street/ Road Improvements and Other Infrastructure (\$10 million to \$30 million; Year 15 to Year 50).*** The EIFD would fund or partially fund for the installation, reconstruction, and beautification of various streets and roads within city of Carson, as well as new on-site and off-site infrastructure to support future project development (e.g., utilities, sidewalks, drainage).
  
7. ***Commercial Façade Program (\$2.5 million to \$5.0 million; Year 15 to Year 50)*** The EIFD would fund or partially fund for the development of a program(s) to financially assist local businesses and property owners with improvements to exterior facades or other beautification improvements (e.g., paint, signage).

Additional projects funded by the EIFD, including any use of potential future EIFD bond proceeds, will be subject to City Council recommendations and approval by the PFA. Targeted improvements would conform to established guidelines in existing, adopted planning documentation, such as the City General Plan. Eligible expenditures in accordance with Government code sections 53398.52 and 53398.56 include the purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real or other tangible property with an estimated useful life of 15 years or longer. The EIFD may finance planning and design activities that are directly related to the purchase, construction, expansion, or rehabilitation of these projects. Example projects may include, but not be

limited to, the following:

- Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities
- Sewage treatment and water reclamation plants and interceptor pipes
- Facilities for the collection and treatment of water for urban uses
- Flood control levees and dams, retention basins, and drainage channels
- Childcare facilities, libraries, and other government facilities
- Parks, recreational facilities, and open space
- Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles
- Brownfield restoration and other environmental mitigation
- The acquisition, construction, or rehabilitation of housing for persons of very low, low, and moderate income, as defined in Sections 50105 and 50093 of the Health and Safety Code, for rent or purchase
- Projects that enable communities to adapt to the impacts of climate change, including, but not limited to, higher average temperatures, decreased air and water quality, the spread of infectious and vector-borne diseases, other public health impacts, extreme weather events, sea level rise, flooding, heat waves, wildfires, and drought
- The acquisition, construction, or improvement of broadband Internet access service
- Acquisition, construction, or repair of commercial structures by the small business occupant of such structures, if such acquisition, construction, or repair is for purposes of fostering economic recovery from the COVID-19 pandemic and of ensuring the long-term economic sustainability of small businesses
- Facilities in which nonprofit community organizations provide health, youth, homeless, and social services.

#### Carson EIFD PFA Amended and Restated Bylaws

The important bylaw matters are summarized below (refer to Exhibit No. 4 for additional details). A redlined version of the Amended and Restated Bylaws is also provided under Exhibit No. 5 for comparison purposes with the original Bylaws approved by the City Council on May 18, 2021. The most substantive changes found in this Amended and Restated Bylaws pertain to the Article VII and Article VIII which now provides that certain

actions by the PFA must first be preceded by recommendations of the Carson City Council or Los Angeles County Board of Supervisors.

**1. Membership:** The PFA shall comprise of two members of the City Council (appointed by the City Council and shall serve at the pleasure of the City Council), one member of the County Board of Supervisors (appointed by the Board of Supervisors) or his/her designee, and two members of the public (one chosen by the Council and one chosen by the County Board of Supervisors). Members of the public with respect to the City shall be appointed by a majority vote of the City Council and shall serve at the pleasure of the Council and until their successor assumes office.

**2. Compensation:** PFA members shall receive no compensation for their service but may receive reimbursement for actual and necessary expenses incurred in the performance of their official duties.

**3. Vacancies:** When a vacancy on the PFA Board exists, the Chair of the PFA Board shall notify the Chair of the County Board of Supervisors and Mayor of the City and request that a replacement be approved by the applicable body to fill the vacancy.

**4. Meetings and Notice:** Meetings including special meetings are noticed in accordance with the Brown Act. PFA must meet at least annually for the purpose of adopting an annual report on or before June 30 of each year. Because the Carson EIFD is not yet fully formed, there is no annual reporting for this fiscal year.

**5. Quorum:** A majority of the PFA constitutes a quorum for the transaction of business.

**6. Officer and Duties:**

- **Chair:** The Chair is the highest-ranking City officer (i.e., Mayor, Mayor Pro-Tem, or City Council Member in that order).
- **Vice Chair:** The Vice Chair is the highest-ranking County officer (i.e., County Supervisor or County's Supervisor Designee). If there are no County officers on the PFA Board, the Vice Chair shall be the second highest-ranking City officer that is on the PFA Board (Mayor Pro Tem, or City Council Member in that order).
- **Secretary & Assistant Secretary:** The Secretary is responsible for keeping records of PFA actions, including overseeing the taking of minutes, sending out meeting announcements, distributing copies and agendas. The Executive Director of the PFA or his/her designee or the Community Development Director of the City shall designate the Assistant Secretary of the PFA Board. The Assistant Secretary will undertake all the duties on behalf of the Secretary.

**7. Term Limits:** All officers (i.e., chair, vice-chair, secretary) except the Assistant Secretary shall serve two-year terms except that the position of Chair and Vice Chair shall serve as long as such person is on the PFA and meets the above definition (refer to #6). The PFA Board will elect Officers whose term will expire at the end of the fiscal year in accordance with the bylaws.

**8. Director and Staff:** The City Manager of Carson shall act as the Executive Director of the PFA.

**9. City Council Recommendations:** The following actions by the PFA must be preceded by recommendations of the Carson City Council in order for the actions to be considered final:

- The commitment or determination to fund projects with Carson EIFD funds (tax increment or bond proceeds), including infrastructure projects, housing, or development projects except for any projects designed in the infrastructure financing plan as “County Projects”. Recommendations from the City Council must include information relating to the amount, scope and timing of funding.
- Amendments to the PFA Bylaws relating to Article II (Membership) and Article VII (City Council Recommendations).
- Any expenses of the Carson EIFD more than \$25,000 not linked to an item above.

**10. County Board Supervisors Recommendations:** The following actions by the PFA must be preceded by recommendations of the Los Angeles County Board of Supervisors in order for the actions to be considered final:

- Any changes to the commitment of affordable housing (20% commitment) or projects designated as “County Projects” in the infrastructure financing plan including the Victoria Golf Course Approved Remediation and Infrastructure Projects.
- Amendments to the PFA Bylaws relating to Article II (Membership) and Article VIII (Board of Supervisors Recommendation).

## **V. FISCAL IMPACT**

The City Council action on this item does not have a fiscal impact. However, ultimately, the formation of the EIFD will have a positive fiscal impact. It is projected that \$50 million could be generated in net funding over the first 20 years of the proposed Carson EIFD’s 45 -year term. Funding will be spent in accordance with the adopted IFP and would include EIFD contributions to the Creek at Dominguez Hills project, affordable housing developments, and other high priority improvement projects. Over the Carson EIFD’s lifetime, approximately \$134 million would be made available (in present day value dollars). This equates to \$313 million in nominal 2022 dollars, of which \$156.5 million is generated from the City’s property tax increment and \$156.5 million from the County’s property tax increment.

Because the EIFD relies on property tax increment, a portion of the City’s property tax increment (increment from properties located in the Carson EIFD) would be reallocated from the City’s General Fund to the Carson EIFD thereby reducing the City’s General Fund by \$156.5 million over the Carson EIFD’s lifetime. However, after considering the County’s



dollar-for-dollar match, the amount of revenue generated in the Carson EIFD effectively doubles. This helps ensure that property tax increment generated in Carson, including the County's allocation, are used to fund eligible infrastructure projects within the City. Additionally, as required, a draft net fiscal impact report has been prepared as a component of the IFP, which demonstrates a positive net fiscal impact on the General Fund on an annual and cumulative basis over the District's lifetime.

## **VI. EXHIBITS**

1. Resolution No. 22-142 (pgs. 10-15)
2. Resolution No. 22-143 (pgs. 16-23)
3. Draft Infrastructure Financing Plan, dated April 2022 (pgs. 24-76)
4. Amended and Restated Bylaws (CLEAN) (pgs. 77-81)
5. Amended and Restated Bylaws (RED-LINED) (pgs. 82-86)

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