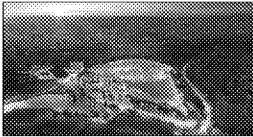


# Financing Critical Infrastructure

Inglewood Enhanced Infrastructure Financing District (EIFD)

Prepared by:  
Kosmont Companies

# Executive Summary



- ✓ Catalytic projects are transforming Inglewood is into a world-class City:
  - \$5B NFL stadium opens in 2020
  - 2022 Super Bowl LVI
  - La Philharmonic
  - Los Angeles Clippers
  - 2028 Olympic Games Opening Ceremonies
  - New residential, mixed use development

Over \$4 billion  
new development  
over the next 10+  
years

- ✓ Investments in critical infrastructure are needed based on a comprehensive transportation plan
  - Link rail to major destinations
  - Manage traffic congestion
  - Enhance active transportation corridors
  - Integrate state of the art technologies
- ✓ City is evaluating special districts and other tools to finance infrastructure while minimizing burden on City, local residents and businesses

NEXT GEN E.D.

# Tax Increment Financing in California

## TIF in California

- Proposition 13 approved by California voters in 1952 creating Tax Increment Financing (TIF)
- Allows local governments to create "Districts" to finance improvements using TIF
- Infrastructure investments made with increased property tax revenues from new development
- State has approved new "sustainability districts" that can utilize TIF

## State has approved new "sustainability districts"

- Enhanced Infrastructure Financing District (EIFD), Community Revitalization Investment Authority (CRIA)
- Address major infrastructure, sustainability, and housing needs
- Enable tax increment financing
- Encourage joint ventures with cities, counties, special districts, and private developers



## EIFD Fundamentals

- \* EIFDs approved/amended by SB628 (2014), AB313 (2015), AB1568 (2017)
- \* Growth in property tax from participating agencies used to fund local / regional projects
- \* Statutory Authority: Part 1 of Division 2 of Title 5 of the Government Code
- \* Term: 45 years from first bond issuance
- \* Governance: Public Financing Authority led by city or county implements Infrastructure Financing Plan
- \* Eligibility: City, County, Special District; school districts exempt
- \* Approvals: No public vote to create district; 55% landowner or registered voter election for bonds
- \* Eligible Projects: Any property with useful life of 15+ years & of communitywide significance; purchase, construction, expansion, improvement, seismic, rehabilitation
- \* No blight test needed
- \* District boundaries do not need to be contiguous



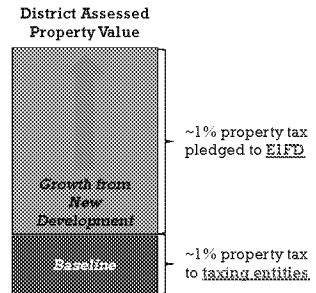
# EIFD Mechanics

## Property taxes are a major source of revenue for local governments

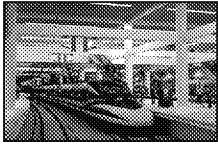
- \* LA County collects all property tax payments and distributes them to taxing entities – 1% statutory tax rate in California
- \* Cities in LA County receive 4 – 26% of property taxes and can use revenues for ‘general purposes’

## Incremental Growth Funds Improvements

- \* Taxing entity (City, County, Special District) pledges a % of property tax revenues generated from new development
- \* Pledged revenues used to secure bonds issued for improvements
- \* Separate fund created to pay debt service on bonds
- \* No new or increased taxes – increase in property values drive tax revenue and improves the area



# Types of Projects EIFDs Can Fund



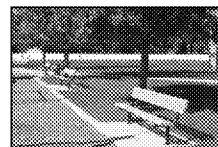
**Light / High Speed Rail**



**Affordable Housing /  
Mixed Use**



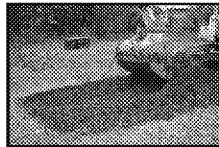
**Transit-Priority Projects**



**Parks & Open Space**



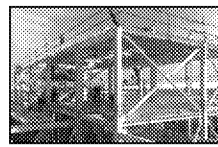
**Civic Infrastructure**



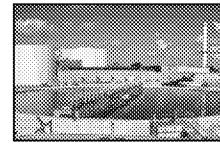
**Brownfield Remediation**



**Childcare Facilities**



**Industrial Structures**

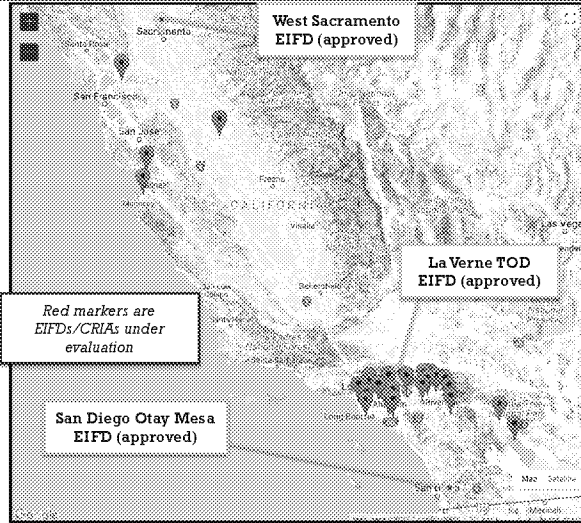


**Wastewater/Groundwater**

# Diverse Cities Pursuing EIFDs

Partial list:

- Burbank
- Carson
- Los Angeles (multiple areas)
- Long Beach
- Ontario
- Palmdale / Lancaster / Victorville
- Redondo Beach
- Richmond
- Riverside / Imperial Counties
- San Diego
- Santa Ana



NEXT GEN E.D.

# EIFD Strategic Considerations

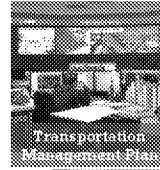
- ✓ Infrastructure List and Financing Cost
  - Long useful life (15+ years)
  - Communitywide significance
  
- ✓ District Boundaries
  - Capture as much future development as possible
  - Optimize number of landowners / registered votes to approve tax increment bonds
  - Support continued flow of property taxes to City / County General Fund for day to day operations
  - District boundaries do not need to be contiguous
  
- ✓ Participating Taxing Entities
  - Cooperation between taxing entities greatly increases EIFD funding capacity
  - New LA County EIFD Board policy adopted in 2017



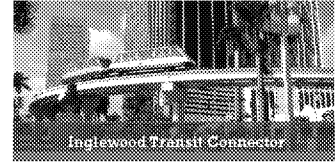


# Potential Eligible Infrastructure Projects

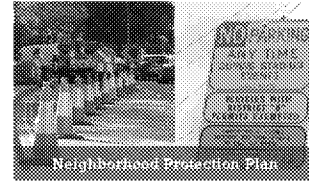
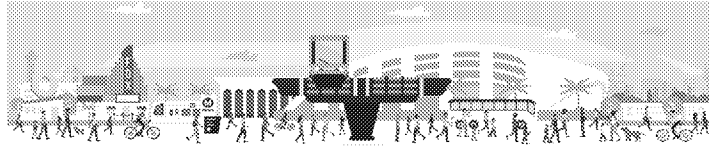
- ✓ Transit connectivity – \$600 to \$800 million
  - Inglewood Transit Connector project
  
- ✓ Circulation and Parking – \$XX to \$XX million
  - Century Blvd. reconfiguration
  - Intelligent Transportation System (ITS)
  - Multi-jurisdictional partnerships: LAX, Metro, SCAG, Caltrans, Cities of LA and Culver City
  
- ✓ Utilities – \$XX to \$XX million
  - XXXX
  - XXXX



Inglewood Mobility Plan



Inglewood Transit Connector



Neighborhood Protection Plan

NEXT GEN E.D.

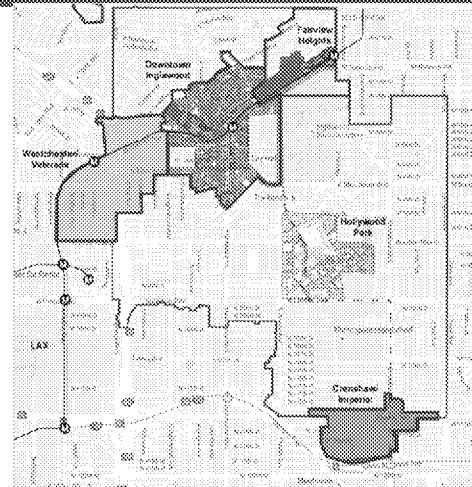
## District Boundaries – Future Development

- ✓ Transit Oriented Development (TOD) Plans will increase density near the Crenshaw/LAX Line and Green Line transit stations:

- Downtown Inglewood
- Fairview Heights
- Westchester/Veterans
- Crenshaw/Imperial

- ✓ Existing/Future Development includes:

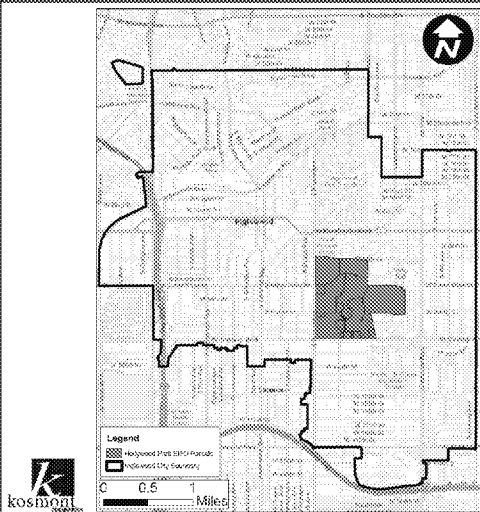
- Revitalization of the Forum
- NFL Stadium and Hollywood Park Redevelopment
- Potential Clippers Arena
- Saffron & Associates, Florence/Market Street Development – 221 residential units, ground floor retail
- Grace Park Development (former Daniel Freeman Hospital site) – 225 residential units



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NEXT GEN E.D.

## District Boundaries – Option #1



- ✓ EFD Boundary Option #1: **Hollywood Park only**
  - 300 total acres
  - \$700 million current assessed value (base)
  - \$3.6 billion potential new development (increment)
  - Total 50-year City tax increment revenue = \$754 million\*
- ✓ Feasibility evaluation:
  - + Contiguous distinct boundaries
  - + Fewer landowners required for bond vote
  - + Minimal impact on City General Fund
  - /+ Generates minimal amount of tax increment revenue; sufficient to fund key infrastructure projects
  - Does not capture all new development in the City

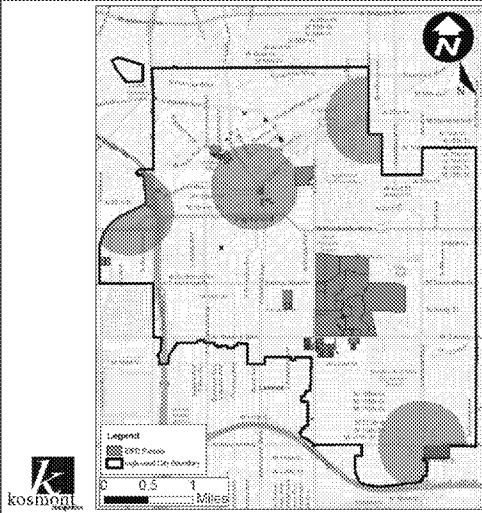
**Hollywood Park only EFD boundary protects the City's General Fund while generating sufficient revenues to fund key infrastructure projects**

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\* Includes City tax increment contribution only including both AB8 base (14.09%) and property tax in lieu of MVLF (13.3%). Nominal 2018 dollars.

NEXT GEN E.D.

## District Boundaries – Option #2



- ✓ EIFD Boundary Option #2: **Hollywood Park, Adjacent Projects, and TOD Areas**
  - 400 acres in key parcels + 1,000+ acres in TOD Areas = 1,400+ acres
  - \$1 billion current assessed value (base)
  - \$4 billion potential new development (increment)
  - \* Total 50-year City tax increment revenue = \$930 million\*
- ✓ Feasibility evaluation:
  - + Capture most new development in the City
  - + Generates additional tax increment revenue for more projects
  - + Less incremental impact on City General Fund
  - Non-contiguous distinct boundaries
  - More landowners required for bond vote

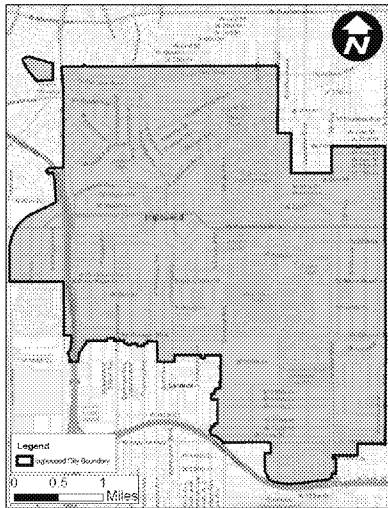
**Hollywood Park + TOD areas EIFD boundary captures the maximum amount of new development to generate additional revenue for projects while protecting the City's General Fund**

\* Includes City tax increment contribution only including both AB8 base (14.09%) and property tax in lieu of MVLF (13.3%). Nominal 2018 dollars.

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NEXT GEN E.D.

## District Boundaries – Option #3



- ✓ EIFD Boundary Option #3: **Citywide EIFD**
  - 5,800 total acres
  - \$8 billion current assessed value (base)
  - \$4 billion potential new development (increment)
  - Total 50-year City tax increment revenue = \$1.7 billion\*
- ✓ Feasibility evaluation:
  - + Contiguous distinct boundaries; may be able to include sales tax
  - + Capture all new development in the City
  - + Generates excess tax increment revenue for more projects
  - Significant impact on City General Fund
  - Full election required for bond vote

**Full city EIFD boundary captures all new development generating excess revenue to fund more projects, but may be detrimental to the City's General Fund and subject to full vote for bonds**

\* Includes City tax increment contribution only including both AB8 base (14.09%) and property tax in lieu of MVLF (13.3%). Nominal 2018 dollars.

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NEXT GEN E.D.

## Participating Taxing Entities – LA County

- ✓ Potential taxing entities that can contribute tax increment:
  - City
  - County
  - Other taxing entities – County Sanitation, Flood Control, Fire
- ✓ Inglewood EIFD conforms to County participation policy adopted 8/1/17:

|   |                                     |
|---|-------------------------------------|
| <b>Property Tax Increment:</b> <ul style="list-style-type: none"> <li>• Minimum \$0.15 City share                             <ul style="list-style-type: none"> <li>– Inglewood = \$0.27 not including other tax sources, such as sales tax, hotel tax, local transportation funding</li> </ul> </li> <li>• City share contributed ≥ County share contributed</li> <li>• County contributes less than 100% of its share</li> </ul> | <input checked="" type="checkbox"/> |
| <b>Fiscal Analysis:</b> Positive net impact to County General Fund  | <input checked="" type="checkbox"/> |
| <b>Board Priorities:</b> Supports affordable housing, homeless prevention, workforce development, or sustainability <ul style="list-style-type: none"> <li>• Additional priority for economic development, job creation in Disadvantaged Community</li> </ul>   | <input checked="" type="checkbox"/> |
| <b>Regional and Community Significance:</b> As related to Board priorities above, job creation, blight removal, or improvements to regional transportation  | <input checked="" type="checkbox"/> |
| <b>Affordable Housing:</b> 20% of rental housing must be affordable   | TBD                                 |
| <b>“But for...” Test:</b> Contribution of County property tax increment is necessary precondition for targeted projects   | <input checked="" type="checkbox"/> |



## City + County Partnership

- ✓ City receives approximately 27.4% of every \$1 collected in property taxes\*
- ✓ County receives approximately 29.6% of every \$1 collected in property taxes
- ✓ 50-year total projected tax increment revenue from City alone and City/County partnership:

| 50-Year Total Tax Increment Revenue                 | City Only       | City + County   |
|---|-----------------|-----------------|
| Option #1: Hollywood Park Only                      | \$753,695,400   | \$1,568,262,600 |
| Option #2: Hollywood Park, Adj. Projects, TOD Areas | \$930,333,800   | \$1,935,805,500 |
| Option #3: Citywide                                 | \$1,747,579,900 | \$3,636,302,100 |

**LA County participation in EIFD doubles the amount of tax increment revenue available for projects**



\* Includes AB8 base (14.09%) and property tax in lieu of MVLF (13.3%). Approximate allocations, post-ERAF, not including school-related taxing entities (not eligible). Select tax rate areas (TRAs) include 04-569, 04-575, 04-595, 04-596. Source: Los Angeles County Auditor-Controller.  
 \*\* Nominal 2018 dollars. City of Inglewood has \$351 million in outstanding redevelopment agency obligations through 2038 (per 2018-2019 ROPS). Any debt or obligation of an EIFD is subordinate to any and all existing enforceable obligations of the former redevelopment agency and only residual revenues from RPTYP are available to EIFD.

# Potential EIFD Formation Timeline

1. Conduct outreach/discussion with potential PFA member agencies and landowners / developers (now)
2. Final determination of PFA composition, tax increment contributions and EIFD boundaries (Q3-Q4 2018)
3. Participating taxing agencies adopt resolution(s) of intent to form EIFD and establish PFA (Q4 2018)
4. PFA drafts IFP (Q1-Q2 2019)
5. Draft / update / process necessary CEQA documents (Q1-Q2 2019)
6. Distribute IFP to property owners with corresponding CEQA documentation (at least 60 days in advance of PFA public hearing to approve IFP – ideally by end of May 2019)
7. City / affected taxing entities contributing increment adopt resolution(s) approving IFP (by August 2019)
8. PFA conducts public hearing to approve IFP and form EIFD (at least 60 days after IFP is distributed – target completion before August 2019 in order to establish previous year A/V baseline)
9. Filings with BOE per guidelines from Board for Change of Jurisdictional Boundaries (by Dec 1, 2019)



- IFP takes effect upon adoption of approval resolution (#9 above)
- EIFD tax increment allocation begins following fiscal year



## 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.



THANK YOU

Questions?



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[www.kosmont.com](http://www.kosmont.com)



# Appendix



NEXT GEN E.D.

## EIFD Option #1: Hollywood Park Only

- ✓ City receives approximately 27.4% of every \$1 collected in property taxes\*
- ✓ County receives approximately 29.6% of every \$1 collected in property taxes
- ✓ Projected property tax increment revenue :

| Annual Revenue       | City Base + VLF Prop Tax | County Prop. Tax     | Total City + County    |
|----------------------|--------------------------|----------------------|------------------------|
| Year 5               | \$7,723,900              | \$8,347,700          | \$16,071,600           |
| Year 10              | \$10,237,200             | \$11,064,000         | \$21,301,100           |
| Year 15              | \$12,199,900             | \$13,185,200         | \$25,385,100           |
| Year 20              | \$13,469,700             | \$14,557,600         | \$28,027,300           |
| <b>50-Year Total</b> | <b>\$753,695,400</b>     | <b>\$814,567,200</b> | <b>\$1,568,262,600</b> |



\* Includes AB8 base (14.09%) and property tax in lieu of MVLF (13.3%). Approximate allocations, post-ERAF, not including school-related taxing entities (not eligible). Select tax rate areas (TRAs) include 04-569, 04-575, 04-595, 04-596. Source: Los Angeles County Auditor-Controller.  
 \*\* Nominal 2018 dollars. City of Inglewood has \$351 million in outstanding redevelopment agency obligations through 2038 (per 2018-2019 ROPS). Any debt or obligation of an EIFD is subordinate to any and all existing enforceable obligations of the former redevelopment agency and only residual revenues from RPTTF are available to EIFD.

## EIFD Option #2: Hollywood Park, Adjacent Projects, TOD Areas

- ✓ City receives approximately 27.4% of every \$1 collected in property taxes\*
- ✓ County receives approximately 29.6% of every \$1 collected in property taxes
- ✓ Projected property tax increment revenue:

| Annual Revenue       | City Base + VLF Prop Tax | County Prop. Tax       | Total City + County    |
|----------------------|--------------------------|------------------------|------------------------|
| Year 5               | \$9,762,300              | \$10,550,800           | \$20,313,100           |
| Year 10              | \$12,837,100             | \$13,873,900           | \$26,710,900           |
| Year 15              | \$15,070,400             | \$16,287,600           | \$31,358,000           |
| Year 20              | \$16,638,900             | \$17,982,800           | \$34,621,800           |
| <b>50-Year Total</b> | <b>\$930,333,800</b>     | <b>\$1,005,471,700</b> | <b>\$1,935,805,500</b> |



\* Includes AB8 base (14.09%) and property tax in lieu of MVLF (13.3%). Approximate allocations, post-ERAF, not including school-related taxing entities (not eligible). Select tax rate areas (TRAs) include 04-569, 04-575, 04-595, 04-596. Source: Los Angeles County Auditor-Controller.  
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## EIFD Option #3: Citywide EIFD

- ✓ City receives approximately 27.4% of every \$1 collected in property taxes\*
- ✓ County receives approximately 29.6% of every \$1 collected in property taxes
- ✓ Projected property tax increment revenue:

| Annual Revenue       | City Base + VLF Prop Tax | County Prop. Tax       | Total City + County    |
|----------------------|--------------------------|------------------------|------------------------|
| Year 5               | \$12,107,400             | \$13,085,300           | \$25,192,700           |
| Year 10              | \$17,771,400             | \$19,206,700           | \$36,978,100           |
| Year 15              | \$22,863,400             | \$24,710,000           | \$47,573,400           |
| Year 20              | \$27,588,200             | \$29,816,300           | \$57,404,500           |
| <b>50-Year Total</b> | <b>\$1,747,579,900</b>   | <b>\$1,888,722,200</b> | <b>\$3,636,302,100</b> |



\* Includes AB8 base (14.09%) and property tax in lieu of MVLF (13.3%). Approximate allocations, post-ERAF, not including school-related taxing entities (not eligible). Select tax rate areas (TRAs) include 04-569, 04-575, 04-595, 04-596. Source: Los Angeles County Auditor-Controller.  
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