

AGENDA
REGULAR MEETING
PUBLIC FINANCING AUTHORITY OF THE LAKEWOOD
ENHANCED INFRASTRUCTURE FINANCING DISTRICT
COUNCIL CHAMBERS
5000 CLARK AVENUE
LAKEWOOD, CALIFORNIA

October 24, 2024, 5:30 p.m.

CALL TO ORDER

ROLL CALL: Authority Board Chairman Ron Piazza
Authority Board Vice Chairman Jayme Wilson
Authority Board Member Steve Croft
Authority Board Member Mat Talag
Authority Board Member Jeff Wood

APPROVAL OF MINUTES

It is recommended that the Public Financing Authority of the Lakewood Enhanced Infrastructure Financing District approve the Minutes of the Meetings held on September 24, 2024.

SECOND OF THREE PUBLIC HEARINGS REGARDING THE LAKEWOOD ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD) DRAFT INFRASTRUCTURE FINANCING PLAN (IFP), CONSIDER ANY ADDITIONAL WRITTEN AND ORAL COMMENTS AND CONSIDER ACTION TO MODIFY OR REJECT THE IFP, AS APPROPRIATE

- It is recommended that the Public Financing Authority receive a presentation to review the draft Infrastructure Financing Plan (IFP), receive any written and oral comments from the public about the EIFD and the IFP, but take no formal action, so that the process could continue to the third and final PFA public hearing.

AUTHORITY REMARKS:

STAFF REMARKS:

PUBLIC COMMENTS:

ADJOURNMENT

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Minutes

Public Financing Authority of the
Lakewood Enhanced Infrastructure
Financing District
Regular Meeting held
September 24, 2024

MEETING WAS CALLED TO ORDER at 5:37 p.m. in the Executive Board Room, 5000 Clark Avenue, Lakewood, California.

Chairman Piazza announced that Board Member Steve Croft would be attending the meeting via teleconference, pursuant to the provisions of California Government Code Section 54953(f)(2)(A)(i), for “just cause,” as set forth in Section 54953(j)(2). The just cause was a current and temporary physical disability involving the recovery from surgery making him temporarily unable to attend this meeting in person, as described in California Government Code, Section 12926.1.

ROLL CALL: PRESENT: Authority Board Chairman Ron Piazza
Authority Board Member Steve Croft
Authority Board Member Mat Talag
Authority Board Member Jeff Wood
ABSENT: Authority Vice Chairman Jayme Wilson

APPROVAL OF MINUTES:

BOARD MEMBER WOOD MOVED AND BOARD MEMBER TALAG SECONDED TO APPROVE THE PUBLIC FINANCING AUTHORITY OF THE LAKEWOOD ENHANCED INFRASTRUCTURE FINANCING DISTRICT MINUTES OF THE MEETINGS HELD JULY 9, AND AUGUST 13, 2024. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: BOARD MEMBERS: Wood, Croft, Talag and Piazza
NAYS: BOARD MEMBERS: None
ABSENT: BOARD MEMBERS: Wilson

PUBLIC HEARING ON THE DRAFT INFRASTRUCTURE FINANCING PLAN (IFP)

Abel Avalos, Director of Community Development, provided a brief summary of the process to review the draft Infrastructure Financing Plan noting that this evening’s was the first of three public hearings to be held on the draft Plan and that no additional public comments had been received.

Joe Dieguez, Senior Vice President, Kosmont Companies, displayed slides and explained that the purpose of the public hearing was to review the draft Infrastructure Financing Plan, hear additional comments and questions, but take no formal action.

PUBLIC HEARING ON DRAFT INFRASTRUCTURE FINANCING PLAN - Continued

He reviewed tax increment financing; contents of the Plan; proposed map; future development assumptions; potential investments for funding; financing section draft terms; regional and communitywide significance; ability to attract other funding; targeted formation schedule; and next steps and action items. Mr. Dieguez stated that following the public hearing, it was required that the Public Financing Authority hold two additional public hearings at least thirty days apart, anticipated to take place on October 24, 2024, and November 26, 2024, before approval of the final Plan. The Authority may adopt the Plan at the third public hearing on November 26 to formally establish the Enhanced Infrastructure Financing District. He added that the City Council and County Board of Supervisors must also independently approve the Infrastructure Financing Plan before the Public Financing Authority formed the Enhanced Infrastructure Financing District.

Staff responded to questions and comments from the Authority Board Members regarding the creation of a glossary of terms and the benefits of the tour of the various sites.

Chairman Piazza opened the public hearing at 5:52 p.m. and called for anyone in the audience wishing to address the Authority on this matter. There was no response.

CHAIRMAN PIAZZA STATED THAT THERE BEING NO OBJECTION, THE REPORT WAS ORDERED RECEIVED AND FILED.

AUTHORITY AND STAFF REMARKS: None

PUBLIC COMMENTS: None

ADJOURNMENT

There being no further business to be brought before the Public Financing Authority of the Lakewood Enhanced Infrastructure Financing District, Chairman Piazza adjourned the meeting at 5:53 p.m. to Thursday, October 24, 2024, at 6:00 p.m. in the Council Chambers.

Respectfully submitted,

Jo Mayberry, CMC
City Clerk

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PUBLIC FINANCING AUTHORITY AGENDA

October 24, 2024

TO: Chair and Governing Board Members

SUBJECT: Second of Three Public Hearings regarding the Lakewood Enhanced Infrastructure Financing District (EIFD) Draft Infrastructure Financing Plan (IFP), Consider any additional Written and Oral Comments and Consider Action to Modify or Reject the IFP, as appropriate

INTRODUCTION

On May 28, 2024, the City Council of the City of Lakewood (“City”) adopted a Resolution of Intention (“ROI”) to form the Lakewood EIFD as means to provide funding for public capital facilities of communitywide significance that provide significant benefits and promote economic development within the boundaries of the Lakewood EIFD and the surrounding community. On June 25, 2024, the Board of Supervisors of the County of Los Angeles (“County”) adopted an ROI to participate with the City in the Lakewood EIFD. The adoption of the ROI formally initiated the EIFD formation process and established the Public Financing Authority (“PFA”), whose role is to oversee the formation and ongoing activities of the EIFD. The membership of the PFA is comprised of two members of the City Council, one member of the County Board of Supervisors or her designee, and two members of the public, one chosen by the City Council and one chosen by the County Board of Supervisors.

The PFA Board met on July 9, 2024 to adopt PFA Bylaws and to direct the preparation of a draft of the IFP. In early August, a notice was mailed to each resident and owner of land in the proposed EIFD and each affected taxing entity notifying them of the City’s and County’s intention to form an EIFD, announcing the availability of the IFP on the EIFD website (<https://www.lakewoodcity.org/Government/EIFD>), and announcing a public meeting of the PFA on August 13, 2024 and the first of three PFA public hearings on the draft IFP to be held on September 24, 2024. Notice of the September 24 public hearing has additionally been published in a local newspaper of general circulation once a week for four consecutive weeks, as required by the EIFD statute.

The PFA Board met as announced on August 13 to hear a presentation on the draft IFP, heard and provided comments to the IFP, but took no action (no action was required to be taken).

The PFA Board convened the first of three public hearings as announced on September 25 to hear additional comments and questions regarding the IFP, but took no action (no action was required to be taken).

PUBLIC FINANCING AUTHORITY AGENDA

October 24, 2024

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The City Council (independently from the PFA) adopted a resolution at its regular meeting on October 8, 2024, approving the IFP and the City's allocation of future property tax increment to the EIFD.

County staff is recommending approval of the IFP and County's allocation of property tax increment to the County Board of Supervisors on November 6, 2024.

All materials and notices have additionally continued to be made available on the EIFD website linked above.

STATEMENT OF FACTS

The purpose of the PFA public hearing on October 24, 2024 is provide the public and the PFA additional opportunity to hear and comment on the draft IFP, and to consider modification or rejection of the IFP if appropriate, based on any comments received from the City, County, or other community stakeholders so far. Given the positive feedback received from stakeholders so far, no action is recommended.

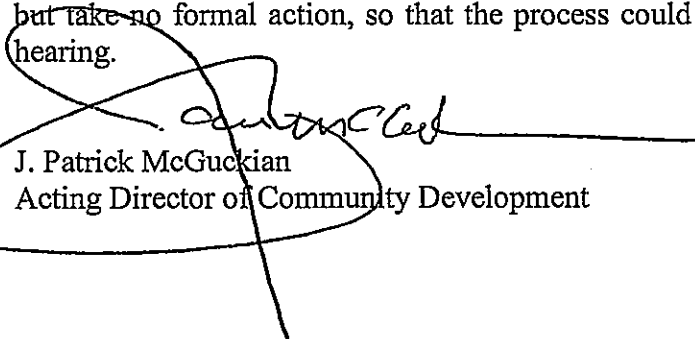
The draft IFP is included as Attachment 1 and includes all items required by the EIFD Law. A summary of the key requirements contained in the IFP is provided below:

- a) Map and Geographic Description of the EIFD
- b) Public Facilities Proposed to be Financed
- c) Finding of Communitywide Significance
- d) Financing Section, including Tax Increment Revenue Projections and General Fund Fiscal Impact Analysis
- e) Necessity and Goals of the EIFD

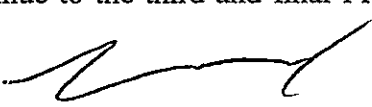
Following the PFA public hearing on October 24, 2024, the PFA must hold one additional public hearing scheduled for November 26, 2024. The PFA may adopt the IFP at the public hearing on November 26 to formally establish the EIFD.

RECOMMENDATION

It is recommended that the PFA receive a presentation to review the draft Infrastructure Financing Plan (IFP), receive any written and oral comments from the public about the EIFD and the IFP, but take no formal action, so that the process could continue to the third and final PFA public hearing.



J. Patrick McGuckian
Acting Director of Community Development



Thaddeus McCormack
City Manager

**City of Lakewood
Enhanced Infrastructure Financing District (EIFD)**

**Public Financing Authority (PFA)
Public Hearing #2 on
Draft Infrastructure Financing Plan (IFP)**

October 24, 2024



**Prepared by:
Kosmont Companies**



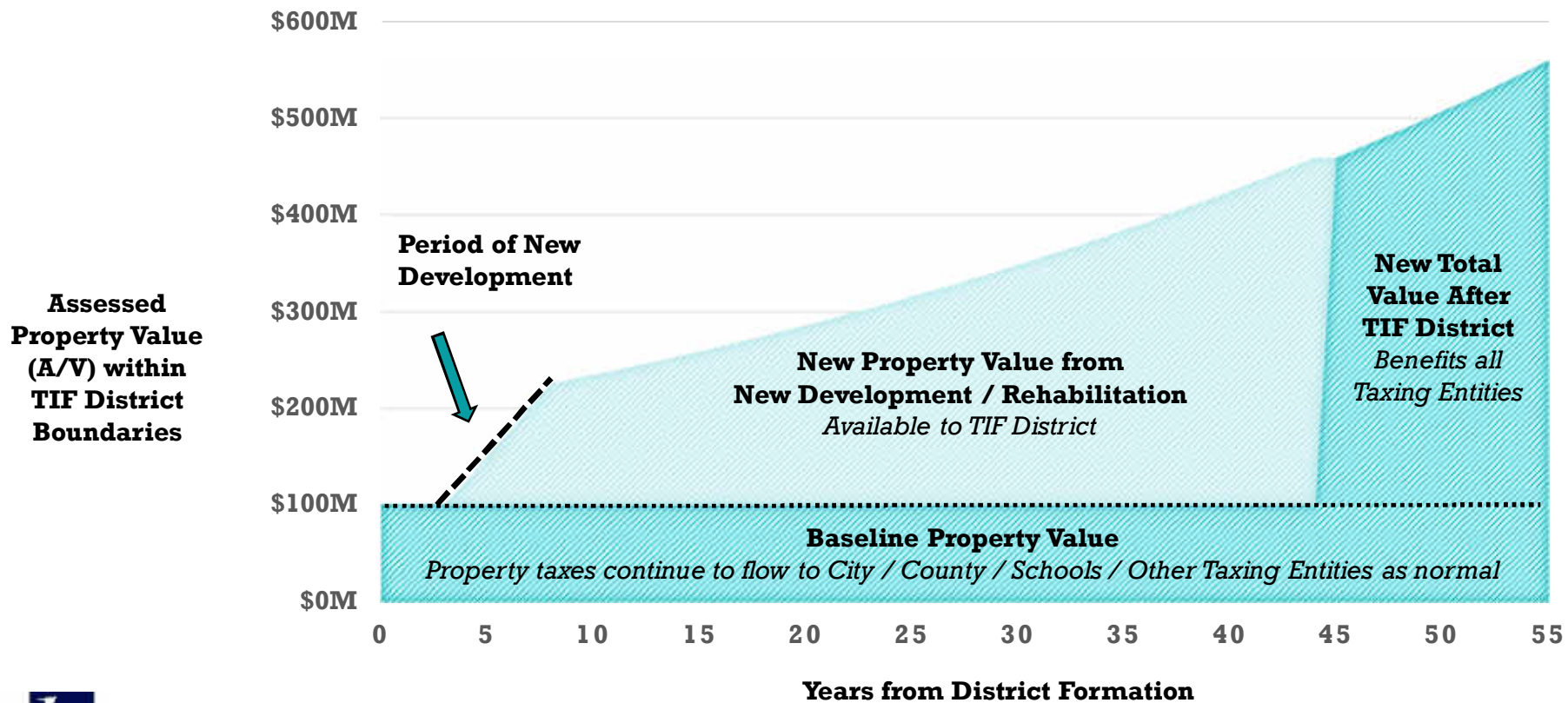
Introduction and Background

- Lakewood has evaluated EIFD as a financing tool to facilitate economic development in Lakewood Center and select other development opportunity sites via investment into critical infrastructure
- City Council adopted a Resolution of Intention (ROI) to form the EIFD on May 28, 2024
- County Board of Supervisors adopted a Resolution of Intention (ROI) to participate in the EIFD on June 25, 2024
- EIFD Public Financing Authority (PFA) met July 9, 2024 to adopt PFA Bylaws and direct preparation of the Infrastructure Financing Plan (IFP)
- PFA met August 13, 2024 to hear a presentation of the draft IFP from staff and consultants and address questions, but take no action
- PFA held the first of three public hearings on the IFP on September 24, 2024 to hear additional comments and questions, but take no action

Introduction and Background (Continued)

- Public notices regarding the EIFD have been mailed, information was posted on a dedicated website, and notices were also published in the newspaper, as required by law, to inform property owners and residents (feedback has been limited but positive in nature)
- City Council approved the IFP and City's allocation of property tax increment on October 8, 2024
- County staff is recommending approval of the IFP and County's allocation of property tax increment to the County Board of Supervisors on November 6, 2024
- Purpose of today's public hearing is to modify or reject the IFP based on any comments received from the City, County, or public so far (given positive feedback thus far, no action is recommended)
- Next step would include the third and final PFA public hearing in November, where a protest hearing would be conducted for property owners and residents within the EIFD, after which the PFA could consider a Resolution approving the IFP and forming the EIFD

What is Tax Increment Financing (TIF) – Not a New Tax



Note: Illustrative. Conservative 2% growth of existing assessed value (A/V) shown; does not include mark-to-market increases associated with property sales.

Contents of the Infrastructure Financing Plan (IFP)

- A. Description of the District
- B. Description of Proposed Facilities and Development
- C. Finding of Communitywide Significance
- D. Financing Section
- E. Goals of the District
- F. Appendices (e.g., Legal Description, Financial Analysis Detail)

Proposed Lakewood EIFD Map

- Lakewood Center Mall and select other Housing Element and commercial development opportunity sites are areas being studied for a potential EIFD
- Approx. 352 acres in total (~5.8% of City-wide acreage)
- Approx. \$1.03B in existing assessed value (~9.3% of City-wide A/V)



Source: City of Lakewood Housing Element; Los Angeles County Auditor-Controller (2023)

Note: Lakewood Center parcels account for approximately 135 acres and \$463m of AV (approximately 2.2% of City acreage and 4.2% of City AV)

Future Development Assumptions

Absorption Assumed over 20 Years

Area	# SF or Units	Estimated AV Factor	Estimated Total AV at Buildout
Residential	1,950 units	\$450K per unit	\$878 million
Retail / Commercial	50,000 SF	\$350 per SF	\$18 million
Industrial / Flex	574,500 SF	\$175 per SF	\$101 million
Total New Development Assumed within EIFD Study Area			\$996 million



Note: AV at buildout values in current 2024 dollars.
Sources: City of Lakewood Housing Element; CoStar

Potential Investments for EIFD Funding

- a) Water, sewer, and other utility capacity enhancements for new development and rehabilitation of aging commercial sites
- b) Affordable housing
- c) Water reclamation improvements
- d) Parking / circulation improvements
- e) Lakewood Boulevard Corridor Smart Streets (utility undergrounding, bike lanes, bus rapid transit infrastructure)
- f) Remediation of contaminated sites
- g) Broadband

20% of tax increment proposed to be set aside for affordable housing uses

Financing Section Draft Terms

- City commits **50%** of its future property tax increment within the boundary for approx. 50 years (remaining portion flows to General Fund)
- County commits **21%** of its future property tax increment within the boundary for approx. 50 years as a dollar-for-dollar match of the City’s allocation (remaining portion flows to General Fund)

EIFD Revenue Allocation Scenario	Year 5 Accumulated Revenue + Bonding Capacity*	Year 10 Accumulated Revenue + Bonding Capacity*	50-Year Present-Value @ 3% Discount Rate	50-Year Nominal Total
City 50% + County Dollar Match (~21% of County share)	\$9,858,000	\$19,900,000	\$60,272,000	\$147,311,000

City allocation includes allocation from both AB8 + MVLV in-lieu. County allocation does not include MVLV in-lieu.

* Bonding capacity assumes Year 5 is first bond issuance for EIFD. "Year 5 means fifth year of revenue following district formation. Net proceeds shown. Bondable revenue assumes \$25,000 admin charge, 150% debt service coverage. 6.5% interest rate; 30-year term. Proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service), costs of issuance estimated at \$350,000. Source: Kosmont Financial Services (KFS), registered municipal advisor.

Regional and Communitywide Significance

- Housing: **1,950+ units**
- Job creation, wages:
 - **540+ permanent, direct jobs** in Lakewood + **270** additional indirect and induced jobs in the County, related **~\$54M** in wage income
 - **9,300+ temporary construction-related jobs*** in City and County, **\$693M+** related wage income
- Acceleration of development and related fiscal revenues:
 - **\$11 million** in present value **fiscal benefit** for CITY general fund over 50 years, net of tax increment contribution to EIFD and net of estimated fiscal expenditures
 - **\$43 million** in present value **fiscal benefit** for COUNTY general fund over 50 years, net of tax increment contribution to EIFD and net of estimated fiscal expenditures
- Catalyze economic development and attract other money (e.g., grants)



* Construction job-years, where one job-year is defined as one year of employment for one individual

EIFDs Help Attract other Funding

- EIFDs that involve a City / County joint effort are more likely to win state grant funding sources
- EIFDs explicitly increases scoring for CA state housing grants (e.g., IIG, AHSC, TCC)

Federal & State Sources

- *Cap-and-Trade / HCD & SGC grant / loan programs (AHSC, IIG, TCC, CERF)*
- *Prop 68 parks & open space grants*
- *Prop 1 water/sewer funds*
- *Caltrans ATP / HSIP grants*
- *Federal EDA / DOT / EPA*
- *Federal IRA and IIJA direct funds*



Private Sector based Funding Sources

- *Development Agreement / impact fees*
- *Benefit assessments (e.g., contribution from CFD)*
- *Private investment*
- *Private tax credits available through IRA and IIJA for climate investments*

Targeted EIFD Formation Schedule

Target Date	Task
COMPLETE May 28, 2024	a) City Council adopts Resolution of Intention (ROI) to form EIFD and formally establish PFA Board
COMPLETE June 25, 2024	b) County Board of Supervisors adopts ROI to participate with the City in the EIFD
COMPLETE July 9, 2024	c) PFA directs the drafting of the Infrastructure Financing Plan (IFP)
COMPLETE August 2024	d) Distribute draft IFP to property owners, affected taxing entities, City Council, County Board of Supervisors
COMPLETE Aug 13, 2024	e) PFA holds an initial public meeting to present the draft IFP
COMPLETE Sept 24, 2024	f) PFA holds first “official” public hearing to hear written and oral comments but take no action
COMPLETE Oct 8, 2024	g) City Council considers adoption of Resolution approving IFP
COMPLETE Oct 17, 2024	h) County Economic Development Policy Committee considers adoption of Resolution approving IFP (recommending approval by County Board of Supervisors on November 6, 2024)
TODAY October 24, 2024	i) PFA holds second public hearing to hear additional comments and take action to modify or reject IFP
November 26, 2024	j) PFA holds third public hearing to consider oral and written protests and take action to terminate proceedings or adopt IFP and form the EIFD by resolution
November 27, 2024	k) Filings with State Board of Equalization (BOE)

- Tax increment allocation begins fiscal year following district formation
- Debt issuance, if desired, would occur after a stabilized level of tax increment has been established (may be 3-5 years)

Next Steps / Actions Items

- For tonight:
 - a) Conduct public hearing
 - b) Modify or reject IFP based on feedback received thus far
 - c) If there are no modifications or rejection, no action to be taken
- PFA Public Hearing #3 of 3 scheduled for November 26, 2024
- Lakewood EIFD website: <https://www.lakewoodcity.org/EIFD>

THANK YOU

Questions?

Kosmont Companies

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Disclaimer

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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.

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