Public Financing Authority of the Fresno Enhanced Infrastructure Financing District (EIFD)

Presentation of the Infrastructure Financing Plan (IFP)

May 26, 2020

Prepared by:
Kosmont Companies
Outline

I. Overview and Background

II. Infrastructure Financing Plan (IFP) Contents

III. Next Steps and Timing
Overview and Background

• Fresno is well positioned for growth and private sector investment in multiple areas, particularly Downtown and the Blackstone Avenue Corridor; however, infrastructure deficiencies have hindered development

• City Council has initiated the process of establishing an Enhanced Infrastructure Financing District (EIFD), a type of tax increment financing (TIF) district that captures the value of future development to reinvest in community infrastructure

• The EIFD is governed by an entity called the Public Financing Authority (PFA) according to a document called an Infrastructure Financing Plan (IFP) – PFA oversees revisions to IFP, eventual debt issuances, etc.

• Goal of today’s hearing is to present the draft IFP, answer questions, and consider public comments (no formal action to be taken)

• Next steps include three additional public hearings, 30 days apart, to hear and incorporate additional feedback prior to EIFD formation (if supported by the community); City Council must also approve the IFP

• All EIFD documents available at https://www.fresno.gov/EIFD
Review of Tax Increment Mechanics

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, Smart Mobility Plan)
District Background by the Numbers

- **Approx. 4,237 acres** (approx. 5.8% of City total 73,400 acres)
- **Approx. $2.89 billion** in existing assessed value (approx. 7.9% of City total $36.6 billion)
- **Approx. $2.35 billion** in new development value within General Plan Horizon by 2035-2040
# Future Development Assumptions

**Absorption Assumed over 15-20 Years**

<table>
<thead>
<tr>
<th>Development Type</th>
<th>SF / Units</th>
<th>AV Per SF / Unit</th>
<th>Estimated AV at Buildout (2020$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Residential</td>
<td>8,856 units</td>
<td>$200,000 per unit</td>
<td>$1,771,260,000</td>
</tr>
<tr>
<td>For Sale Residential</td>
<td>1,200 units</td>
<td>$400,000 per unit</td>
<td>$480,000,000</td>
</tr>
<tr>
<td>Commercial / Retail</td>
<td>200,000 SF</td>
<td>$200 PSF</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Hotel</td>
<td>350 rooms</td>
<td>$175,000 per room</td>
<td>$61,250,000</td>
</tr>
<tr>
<td><strong>Estimated Total</strong></td>
<td></td>
<td></td>
<td><strong>$2,352,510,000</strong></td>
</tr>
</tbody>
</table>

*Note: AV at buildout values in 2020 dollars*

*Source: City of Fresno General Plan – Projections of Development under General Plan Horizon (2035)*
# Proposed Facilities

<table>
<thead>
<tr>
<th>Priority Infrastructure to be Funded</th>
<th>Estimated Costs (2020$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart Mobility Plan Improvements</td>
<td>$58 million</td>
</tr>
<tr>
<td>(multi-modal safety and accessibility, roadway and bus, streetscape and urban greening, lighting, gateway and wayfinding)</td>
<td></td>
</tr>
<tr>
<td>Other eligible improvements consistent with Gov’t Code Sections 53398.52, 53398.56 and 53398.57 (e.g. water / sewer / utility enhancements, parks, remediation, affordable housing)</td>
<td>$42 million</td>
</tr>
<tr>
<td>Estimated Total</td>
<td>$100 million</td>
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</table>

Note: Order-of-magnitude cost estimates
Source: Southern Blackstone Avenue Smart Mobility Strategy, City General Plan, Downtown Neighborhoods Community Plan, Tower District Specific Plan, Fulton Corridor Specific Plan, and Fresno Chandler Downtown Airport Specific Plan
Regional and Communitywide Significance

- Fresno “Return on Investment”:
  - Implement essential infrastructure and public improvements in a Disadvantaged Community (DAC) area
  - Social impacts: Quality of life improvement, environmental sustainability
  - Housing: 10,000+ housing units at various income levels
  - Economic benefits: 22,310 direct / indirect / induced construction jobs, 1,225 direct / indirect / induced permanent jobs, $3.6 billion in economic output from construction, $211 million in annual ongoing economic output
  - $17 million positive net fiscal impact to the City over 50 years (on a present-value basis)
**Financing Section**

✓ **Financing Scenario – 30% of City increment (County not contributing at this time):**
  - City of Fresno contributes ~**7.0 cents** of property tax increment (approx. 30% of average collections)
  - City also contributes equivalent of ~**3.6 cents** (approx. 30%) of its incremental property tax in lieu of MVLF
  - County not contributing (at this time)

✓ **Revenues available to TIF District:**

<table>
<thead>
<tr>
<th></th>
<th>City Base Prop. Tax</th>
<th>City VLF Prop. Tax</th>
<th>Total Annual Revenue</th>
<th>Cumulative Revenue</th>
<th>Bonding Capacity (Net Proceeds)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 5</td>
<td>$849,000</td>
<td>$438,000</td>
<td>$1,288,000</td>
<td>$3,656,000</td>
<td>$12,203,000</td>
</tr>
<tr>
<td>Year 10</td>
<td>$1,842,000</td>
<td>$951,000</td>
<td>$2,792,000</td>
<td>$14,414,000</td>
<td>$27,239,000</td>
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<tr>
<td>Year 15</td>
<td>$2,981,000</td>
<td>$1,539,000</td>
<td>$4,520,000</td>
<td>$33,434,000</td>
<td>$44,498,000</td>
</tr>
<tr>
<td>Year 20</td>
<td>$3,506,000</td>
<td>$1,811,000</td>
<td>$5,317,000</td>
<td>$58,393,000</td>
<td>$52,462,000</td>
</tr>
<tr>
<td>Year 50</td>
<td>$8,030,000</td>
<td>$4,147,000</td>
<td>$12,177,000</td>
<td>$314,113,000</td>
<td></td>
</tr>
</tbody>
</table>

*Assuming $25,000 admin charge; 125% debt service coverage; 6.0% interest rate; all issuances assumed to be 30 year terms (overlapping); level debt service; proceeds net of 2% underwriter's discount, estimated reserve fund (maximum annual debt service); costs of issuance estimated at $350,000. Bonds shown in total / cumulative format, e.g. debt issued in Year 10 assumes no debt issued in Year 5. $2020.

Source: Kosmont Transactions Services (KTS); registered Municipal Advisor
Utilizing the EIFD to Attract Complementary Funding

- Intention is to seek EIFD partnership with the County of Fresno at a future date
- EIFD will additionally be leveraged to seek grant funding and additional complementary funding

**Federal & State Sources**
- Federal EDA / DOT / EPA funding
- State grant & loan programs (ATP, AHSC, IIG, TCC)
- Prop 1 bond funds / Prop 68
- SB 1 Road funds
- SB 2 Transfer Tax funds

**Other Potential Funding Sources**
- Development Agreement / impact fee contributions
- Benefit assessments (e.g. contribution from CFD)
- Private investment via Federal Opportunity Zone designation
Next Steps and Timing

- Today: Answer questions, consider public comments on draft IFP (no formal action to be taken)
- Revise IFP accordingly
- Three additional PFA public hearings to hear and incorporate additional feedback:
  - June 25, 2020 @ 10am
  - July 27, 2020 (to be confirmed)
  - August 26, 2020 (to be confirmed)
- City Council consideration of IFP (August 10, 2020 – to be confirmed)
- Finalize district formation, continue to pursue complementary funding sources (e.g. grants), promote development opportunity sites to Opportunity Zone and other private sector partners
- All EIFD documents available at [https://www.fresno.gov/EIFD](https://www.fresno.gov/EIFD)
THANK YOU

Questions?

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