



**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

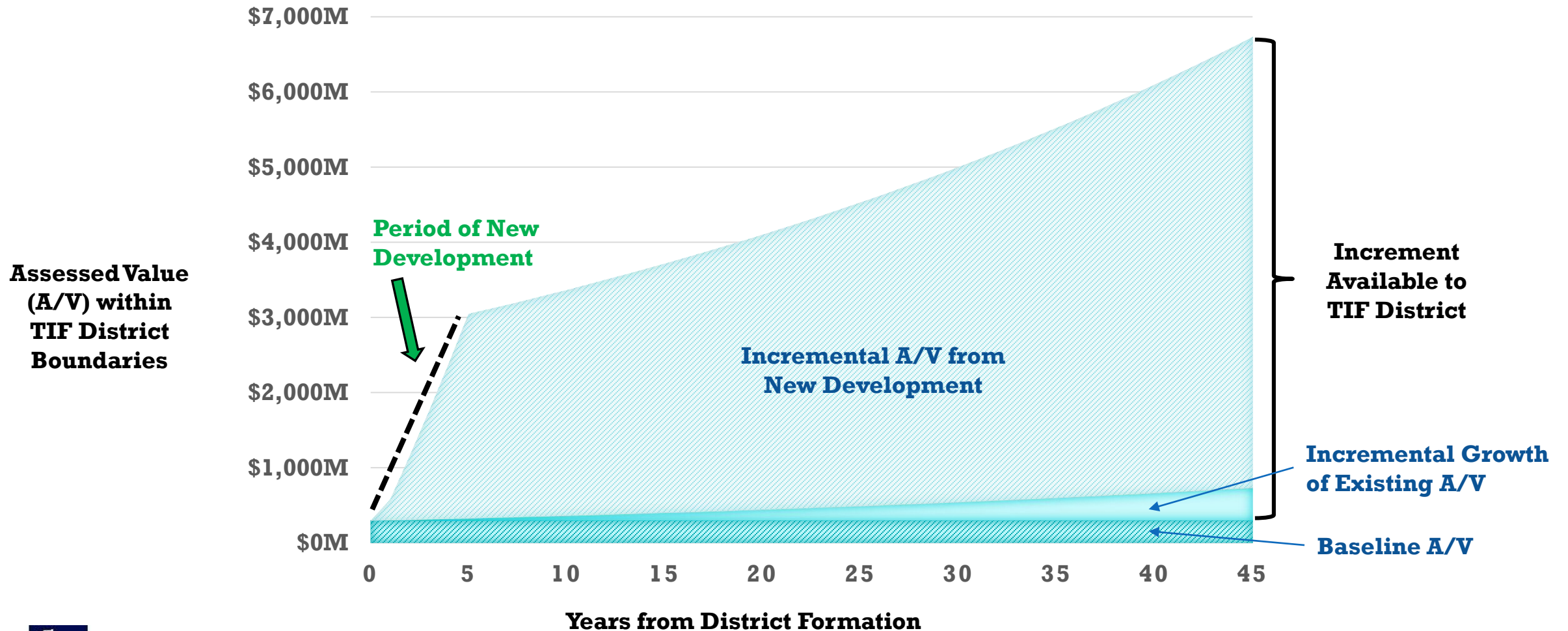
- I. Overview and Background
- II. Infrastructure Financing Plan (IFP) Contents
- III. Next Steps and Timing

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 Mechanisms

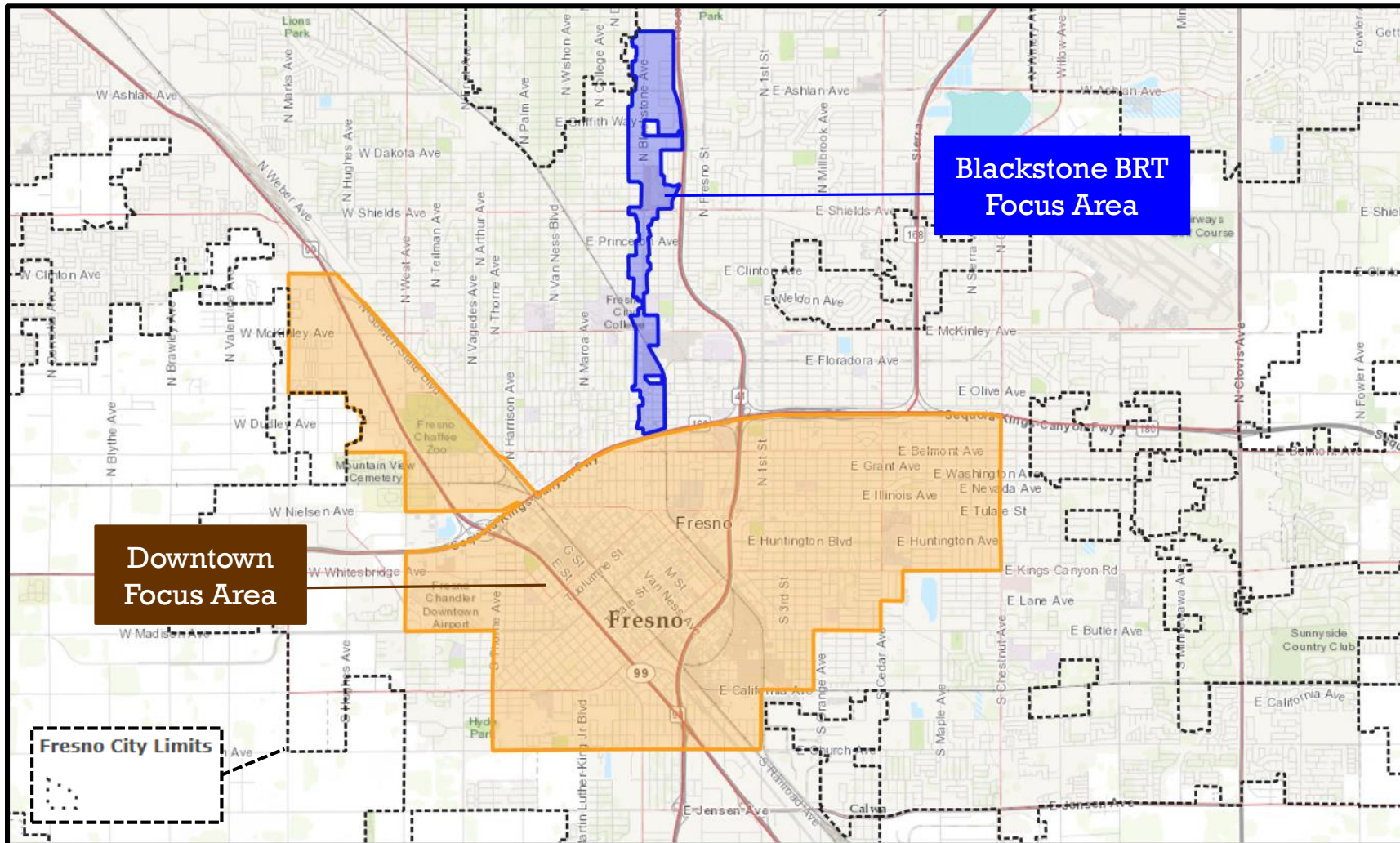
Not a New Tax



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)

Map of Draft EIFD Boundary



Source: City of Fresno, Esri (2020)

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

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

Note: AV at buildout values in 2020 dollars

Source: City of Fresno General Plan – Projections of Development under General Plan Horizon (2035)

Proposed Facilities

Priority Infrastructure to be Funded	Estimated Costs (2020\$)
<p>Smart Mobility Plan Improvements (multi-modal safety and accessibility, roadway and bus, streetscape and urban greening, lighting, gateway and wayfinding)</p>	<p>\$58 million</p>
<p>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)</p>	<p>\$42 million</p>
<p>Estimated Total</p>	<p>\$100 million</p>

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:

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

*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>

THANK YOU

Questions?

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