



SPECIAL MEETING AGENDA
125 E. College Street, Covina, California
Council Chamber of City Hall
Tuesday, June 6, 2023

**NOTICE AND CALL OF A SPECIAL MEETING OF THE BOARD OF
DIRECTORS OF THE
PUBLIC FINANCING AUTHORITY OF THE COVINA ENHANCED
INFRASTRUCTURE FINANCING DISTRICT
5:30 PM**

**TO THE MEMBERS OF THE PUBLIC FINANCING AUTHORITY OF THE COVINA
ENHANCED INFRASTRUCTURE FINANCING DISTRICT:**

NOTICE IS HEREBY GIVEN that a special meeting of the Board of Directors (“Board”) of the Public Financing Authority (“Authority”) of the Covina Enhanced Infrastructure Financing District (“District”) is hereby called by a majority of the members of the Board to be held on TUESDAY, JUNE 6, 2023 at 5:30 PM in the Council Chamber of City Hall located at 125 E. College Street, Covina, CA 91723. Said special meeting shall be for the purpose of conducting business in accordance with the attached Agenda. No other business will be discussed.

IMPORTANT NOTICE

Public Comments: *During the meeting, there will be an opportunity for the public to speak. Public testimony is limited to five (5) minutes per speaker, unless, for good cause, the Chair amends the time limit; a speaker’s time may not be transferred to another speaker. State Law prohibits the Authority Board Members from taking action on any item not on the agenda. Those wishing to speak on a LISTED AGENDA ITEM will be heard when that item is addressed.*

In Person: *To address the Authority Board please complete a yellow speaker request card located at the entrance of the Council Chamber and give it to the City Clerk/Secretary. Your name will be called when it is your turn to speak.*

CALL TO ORDER

ROLL/CALL

Authority Board Members: John C. King, Victor Linares, Walter Allen, III, Kevin Stapleton, Lynda Noriega

PUBLIC COMMENTS

The Public is invited to comment only on scheduled items on the agenda at this time. To address the Authority Board please complete a yellow speaker request card located at the entrance, and give it to the City Clerk/Secretary. Your name will be called when it is your turn to speak. Individual speakers are limited to five minutes each.

AUTHORITY COMMENTS

Authority Board Members wishing to make any announcements of public interest or to request that specific items be added to future Authority agendas may do so at this time.

STAFF COMMENTS

Staff members wishing to make any announcements of public interest or to request that specific items be added to future Authority agendas may do so at this time.

CONSENT CALENDAR

CC 1. May 2, 2023 Meeting Minutes

Staff Recommendation:

Staff recommends that the Authority Board approve the Minutes of the May 2, 2023 Special Meeting of the Public Financing Authority of the Covina Enhanced Infrastructure Financing District.

PUBLIC HEARINGS

PH 1. Notice of Intention to Establish an Enhanced Infrastructure Financing District

Staff Recommendation:

1. Open the public hearing and receive all written and oral public testimony regarding the proposed Covina Enhanced Infrastructure Financing District and Infrastructure Financing Plan; and
2. Close the public hearing.

ADJOURNMENT

The Covina City Clerk's Office does hereby declare that the agenda for the June 6, 2023, meeting was posted on the City's website and near the front entrance of Covina City Hall, 125 East College Street, Covina, in accordance with California Government Code Sections 54954.2(a) and 54956.

MEETING ASSISTANCE INFORMATION: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Community Development Department at (626) 384-5443. Notification 24 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

If you challenge in court any discussion or action taken concerning an item on this agenda, you may be limited to raising only those issues you or someone else raised during the meeting or in written correspondence delivered to the Authority at or prior to the Authority's consideration of the item at the meeting.

ALL NON-EXEMPT DOCUMENTS RELATED TO THE ITEM ON THIS AGENDA ARE AVAILABLE TO THE PUBLIC IN THE COMMUNITY DEVELOPMENT DEPARTMENT AT 125 E. COLLEGE STREET, COVINA.



**PUBLIC FINANCING AUTHORITY OF THE COVINA
ENHANCED INFRASTRUCTURE FINANCING DISTRICT
MINUTES OF REGULAR MEETING**

May 2, 2023

The regular meeting of the Public Financing Authority of the Covina Enhanced Infrastructure Financing District was held on Tuesday, May 2, 2023, at 5:30 pm in the Council Chamber of City Hall at 125 East College Street, Covina, California, 91723.

Board Members Present: Walter Allen III, Chair, John C. King, Vice Chair, Lynda Noriega, Kevin Stapleton, Hector Delgado (alternate member)

Board Members Absent: Victor Linares

Staff Present: Chris Marcarello, City Manager
Angel Carrillo, Deputy City Manager
Brian Lee, Director of Community Development
Anita Agramonte, Director of Administrative Services
Theresa Franke, Deputy Director Administrative Services
Alana Spector, Senior Management Analyst

Public Present Felicia Williams, Kosmont Companies
Joseph Dieguez, Kosmont Companies

CALL TO ORDER

The meeting was called to order at 5:31 p.m. A quorum was present.

AGENDA POSTING DECLARATION

The Agenda stated the agenda for the May 2, 2023, meeting was posted in accordance with Section 54954.2(a) of the California Government Code.

CONSENT CALENDAR

CC1. March 21, 2023 Meeting Minutes

Motion on Staff recommendation of CC1, was approved as follows:

AYES: Allen, King, Noriega, Stapleton

NOES: None

ABSTAIN: None

ABSENT: Linares

NEW BUSINESS

NB1. Presentation and Review of the Draft Infrastructure Financing Plan for the Covina Enhanced Infrastructure Financing District.

Felicia Williams and Joseph Dieguez of Kosmont Companies presented the staff report.

A motion was made by Stapleton, seconded by King, to receive and file the draft Infrastructure Financing Plan.

ADJOURNMENT

There being no further business, the meeting adjourned at 5:54 pm.

Respectfully Submitted,

Alana Spector
Senior Management Analyst
Secretary to the Board

Approved and adopted this _____ day of _____, 2023.

Walter Allen III, Chair



PFA EIFD Special Meeting

AGENDA ITEM REPORT

- Meeting:** PFA EIFD Special Meeting – June 6, 2023
- Title:** Presentation of the Covina Enhanced Infrastructure Financing District (EIFD) Infrastructure Financing Plan (IFP) and Receive Comments Related to the IFP
- Presented By:** Brian K Lee, Director of Community Development
Felicia Williams, Senior Vice President, Kosmont Companies
Joseph Dieguez, Senior Vice President, Kosmont Companies
- Recommendation:**
1. Receive the presentation of the Covina Enhanced Infrastructure Financing District Infrastructure Financing Plan; and
 2. Open the public hearing and receive all written and oral comments from the public; and
 3. Close the public hearing.

BACKGROUND:

On October 18, 2022, the City Council adopted a Resolution of Intention (ROI) to initiate the establishment of the Covina EIFD and establish the Covina EIFD Public Financing Authority (PFA).

Pursuant to the Resolution of Intention, the PFA was established as the governing board of the proposed EIFD. On March 21, 2023, the PFA ordered the preparation of the IFP as required by California Government Code Sections regarding Enhanced Infrastructure Financing Districts (Government Code Section 53398.50-53398.88).

On April 21, 2023, a notice was mailed to each resident and owner of land in the proposed EIFD and each affected taxing entity notifying them of the PFA public meeting on May 2, 2023, to review the IFP, the availability of the IFP on the EIFD website (<https://covinaca.gov/rdh/page/enhanced-infrastructure-financing-district>) and the first public hearing on the IFP scheduled for June 6, 2023. The notice was also made available on the EIFD website.

DISCUSSION:

The PFA first reviewed the draft IFP at their May 2, 2023 regular meeting. The draft IFP is Attachment 1 and includes all items required by the EIFD Law. A summary of the key requirements contained in the IFP is provided below. This first public hearing provides an opportunity for the public to review and comment on the creation of the EIFD and the draft IFP. There will be two subsequent public hearings overseen by the PFA prior to the creation of the EIFD.

Map and Legal Description: The proposed EIFD consists of approximately 213 acres of land, representing approximately 5% of the City's total approximately 4,512 acres. The EIFD includes the Town Center Specific Plan Area and the Citrus Avenue Mixed-Use Corridor areas within the City that stand to benefit from catalytic infrastructure improvements with communitywide and regional benefit.

A preliminary boundary map is included as Appendix A to the IFP. All residents and property owners within the preliminary boundary were provided the notices mentioned above regarding the potential formation of the EIFD.

Public Facilities Proposed to be Financed: The public capital facilities proposed to be financed through the EIFD include:

- Civic / Administrative and Public Safety Facilities
- FAIR District Property Acquisition
- Park Expansion and Connectivity
- Pedestrian Connectivity and Beautification
- Utility Infrastructure.

The improvements are of communitywide significance and provide significant benefits to the area of the proposed EIFD and the surrounding community. Greater detail is provided in the IFP for reference.

Use of Incremental Tax Revenue: The EIFD will use incremental property tax revenue to finance public facilities and potential maintenance of those public facilities, and administration of the EIFD. Based on the projected growth of assessed value, the incremental tax revenue that the City will allocate over the lifetime of the EIFD is approximately \$27 million. The incremental tax revenue that the City plans to commit to the EIFD and incremental tax projections expected to be received by the EIFD is detailed in the IFP. The City Council will have the opportunity to review and approve the IFP and the proposed use of incremental tax revenue before the formation of the EIFD.

Necessity and Goals of the EIFD: The formation of the EIFD is necessary to finance the construction of public facilities that serve the property within the EIFD boundary and surrounding community while providing significant communitywide benefits. These public facilities will catalyze significant private sector investment and development to support the City's General Plan and Town Center Specific Plan and provide the infrastructure foundation for the development of critically needed housing in the community and greater region.

Economic and Fiscal Impacts: Establishing the EIFD is a necessary step towards the successful development of the public facilities and other projects of communitywide significance, which will generate significant economic benefits to the City and greater local region. A Fiscal Impact Analysis (Analysis) prepared by Kosmont Companies in April 2023 as an appendix to the IFP estimates that the EIFD would generate approximately \$2.2 million on a present value basis for the City General Fund over the lifetime of the EIFD.

The Analysis estimates the net fiscal impacts for the City to provide facilities and services to the EIFD boundary and the taxes, fees, and other revenues expected to be received due to expected development. Based on the Analysis, in Year 15 of the EIFD, the EIFD area will generate an annual net fiscal surplus of approximately \$222,000 for the City.

Additionally, the Analysis highlights the wide-ranging job opportunities that will be generated by the EIFD, including 2,144 direct, indirect, and induced jobs from construction-related activities and additionally, approximately 329 permanent, ongoing jobs.

Next Steps: Following the PFA’s first public hearing during this meeting, the PFA must hold two additional public hearings before approval of the final IFP, which are scheduled to occur in July and September. The PFA may adopt the IFP at the third public hearing to form the EIFD. The City Council must also approve the IFP before the PFA forms the EIFD, and this will be considered during a public hearing at their June 20, 2023 meeting.

A summary of the key actions for establishing the EIFD, as well as estimated dates of completion, is as follows:

| Task | Target Date | Notes |
|--|--------------------------|--|
| PFA holds Public Hearing #1 | Today | Written and oral comments taken on IFP; no action taken |
| Presentation to Planning Commission on EIFD and draft IFP | June 13, 2023 | Statute requires that the Planning Commission be informed about the IFP, make findings of General Plan or Specific Plan conformance, and review CEQA documentation |
| City Council considers resolution approving the IFP and allocation of property tax increment | June 20, 2023 | Must be adopted before Public Hearing #3 |
| PFA holds Public Hearing #2 | July 18, 2023 | Additional comments taken; PFA takes action to approve, modify, or reject IFP |
| PFA holds Public Hearing #3 and protest proceeding | September 5, 2023 | If majority protest exists – takes action to terminate EIFD. If no majority protest, PFA can propose adoption of the IFP and form the EIFD |
| Staff files EIFD with BOE per guidelines for Change of Jurisdictional Boundaries | September / October 2023 | |

In the event of a majority protest by property owners or residents within the boundaries, the formation proceedings would be discontinued.

FISCAL IMPACT:

None.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

N/A

ATTACHMENTS:

Attachment A: Draft Infrastructure Financing Plan

Respectfully submitted,

Brian K. Lee, AICP, Director of Community Development

CITY OF COVINA ENHANCED INFRASTRUCTURE FINANCING DISTRICT

INFRASTRUCTURE FINANCING PLAN

Prepared For:

City of Covina



Prepared By:



APRIL 2023

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1.0 Introduction

1.1 Background & Purpose

The proposed Covina Enhanced Infrastructure Financing District (“Covina EIFD” or “District”) will serve as a catalyst for private investment and critical regional infrastructure to support affordable housing and economic development in the City of Covina (“City”) and the San Gabriel Valley region of Los Angeles County (“County”). The Covina EIFD encompasses approximately 213 acres of land, representing approximately 5% of the City’s total approximately 4,512 acres. The Covina EIFD includes the Town Center Specific Plan Area and the Citrus Avenue Mixed-Use Corridor areas within the City that stand to benefit from catalytic infrastructure improvements with communitywide and regional benefit.

1.2 Contents and Overview of this Infrastructure Financing Plan (“IFP”)

Pursuant to Government Code Sections 53398.59 through 53398.74, this IFP comprises the following information:

- a) A map and legal description of the District, [included herein as Appendix A and Appendix B, respectively.](#)
- b) A description of the public facilities and other forms of development or financial assistance that is proposed in the area of the district, including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those public improvements and facilities to be financed with assistance from the proposed district, and those to be provided jointly. The description shall include the proposed location, timing, and costs of the development and financial assistance. [This information is included in Section 3 of this IFP.](#)
- c) If funding from affected taxing entities is incorporated into the financing plan, a finding that the development and financial assistance are of communitywide significance and provide significant benefits to an area larger than the area of the district. [This information is included in Section 4 of this IFP.](#)
- d) A financing section ([included in Section 5 of this IFP](#)), which shall contain all of the following information:
 - a. A specification of the maximum portion of the incremental tax revenue of the city or county and of each affected taxing entity proposed to be committed to the district for each year during which the district will receive incremental tax revenue. The portion need not be the same for all affected taxing entities. The portion may change over time. [The maximum portion of the City’s property tax increment to be committed to the District will be 50% throughout the duration of the District lifetime.](#)

- b. A projection of the amount of tax revenues expected to be received by the district in each year during which the district will receive tax revenues, including an estimate of the amount of tax revenues attributable to each affected taxing entity for each year. Section 5.3 of this IFP includes a projection of tax revenues to be received by the District by year over the course of the anticipated District lifetime. These projections are based on research and analysis of available data at the time of IFP preparation for purposes of illustration. Actual results may differ from those expressed in this document. Appendix C provides additional detail for the projected revenue analysis.
- c. A plan for financing the public facilities to be assisted by the district, including a detailed description of any intention to incur debt. Section 5.4 of this IFP includes a plan for financing the public facilities to be assisted by the District. The Public Financing Authority (“PFA”) governing the District intends to incur debt only when it is financially prudent to do so. It is estimated at this time that the EIFD will contribute approximately \$11 million (in present value dollars) to public improvements and affordable housing projects from a combination of bond or loan proceeds (multiple issuances may be necessary) and pay-as-you-go funding over the District lifetime.
- d. A limit on the total number of dollars of taxes that may be allocated to the district pursuant to the plan. The total number of dollars of taxes that may be allocated to the District shall not exceed \$60 million (nominal dollars).
- e. A date on which the district will cease to exist, by which time all tax allocation to the district will end. The date shall not be more than 45 years from the date on which the issuance of bonds is approved pursuant to subdivision (a) of Section 53398.77, or the issuance of a loan is approved by the governing board of a local agency pursuant to Section 53398.87. The District will cease to exist the earlier of: (i) forty five (45) years from the date on which the first issuance of bonds is approved by the PFA (or an issuance of a loan to the EIFD is approved by the relevant local agency governing board), or (ii) June 30, 2100. This IFP assumes that the District will be formed in Fiscal Year 2022-2023 and will begin receiving tax revenues in Fiscal Year 2023-2024.
- f. An analysis of the costs to the city or county of providing facilities and services to the area of the district while the area is being developed and after the area is developed. The plan shall also include an analysis of the tax, fee, charge, and other revenues expected to be received by the city or county as a result of expected development in the area of the district. Appendix D to this IFP includes, as part of the Fiscal Impact Analysis, an analysis of the costs to the City for providing facilities and services to the area of the District. It is estimated that, at Year 15 of the District lifetime (assumed stabilized buildout of District area),

annual costs to the City will be approximately \$982,400 to service the area of the District.

- g. An analysis of the projected fiscal impact of the district and the associated development upon each affected taxing entity. Appendix D to this IFP includes an analysis of the projected fiscal impact of the District and the associated development upon the City as the only affected taxing entity that is allocating tax increment revenues to the District. It is estimated that, at Year 15 of the District lifetime, the District area will generate an annual net fiscal surplus of \$222,000 to the City.
- h. A plan for financing any potential costs that may be incurred by reimbursing a developer of a project that is both located entirely within the boundaries of that district and qualifies for the Transit Priority Project Program, pursuant to Section 65470, including any permit and affordable housing expenses related to the project. At this time, the PFA does not intend to finance any potential costs that may be incurred by reimbursing a developer of a project that is both located entirely within the boundaries of the District and qualifies for the Transit Priority Project Program, pursuant to Section 65470.
- e) If any dwelling units within the territory of the district are proposed to be removed or destroyed in the course of public works construction within the area of the district or private development within the area of the district that is subject to a written agreement with the district or that is financed in whole or in part by the district, a plan providing for replacement of those units and relocation of those persons or families consistent with the requirements of Section 53398.56. The PFA does not anticipate that any housing units will be removed as a result of any project identified in this IFP. However, if any relocation of dwelling units is deemed to be required in the future for a project financed by the District, the PFA will comply with the requirements of Government Code Section 53398.56.
- f) The goals the district proposes to achieve for each project financed pursuant to Section 53398.52. Section 7 of this IFP summarizes the goals of each project to be financed by the District.

2.0 Description of the Proposed District

The Covina EIFD encompasses approximately 213 acres of land, representing approximately 5% of the City's total 4,512 acres. The Covina EIFD includes the City's Town Center Specific Plan Area and the Citrus Avenue Mixed-Use Corridor areas within the City that stand to benefit from catalytic infrastructure improvements with communitywide and regional benefit.

The District includes commercial corridors along Citrus Avenue and San Bernardino Road, as well as industrial and transit-oriented areas along the Metrolink rail line. Land use designations primarily include commercial and services along with multi-family residential, and to a lesser extent, facilities, industrial, and general office designations. Appendix A includes a map of the proposed District, and Appendix B is a legal description of the District.

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3.0 Description of Proposed Facilities and Development

3.1 Anticipated Future Private Development

Anticipated future private development is summarized in Table 1 below, anticipated to occur across the Town Center Specific Plan Area and the Citrus Avenue Mixed-Use Corridor areas, and other targeted opportunity site areas as identified on the map in Appendix A. Buildout and absorption of these land uses are forecasted in the first 20 years of the District lifetime.

Table 1: Anticipated Future Private Development

| Development Type | SF / Units | AV Per SF / Unit | Estimated AV at Buildout (2022\$) |
|------------------------|------------|--------------------|-----------------------------------|
| Rental Residential | 160 units | \$300,000 per unit | \$48,000,000 |
| For Sale Residential | 210 units | \$600,000 per unit | \$126,000,000 |
| Commercial / Retail | 35,000 SF | \$250 PSF | \$8,750,000 |
| Office | 35,000 SF | \$200 PSF | \$7,000,000 |
| Industrial / Flex | 35,000 SF | \$165 PSF | \$5,775,000 |
| Estimated Total | | | \$195,525,000 |

3.2 Public Facilities to be Financed with Assistance from the Covina EIFD

The PFA intends to utilize the District to contribute approximately \$11 million (in present-value dollars) of funding to infrastructure and affordable housing projects of communitywide and regional significance over the District lifetime. This is equivalent to approximately \$27 million (nominal dollars). Table 2 outlines an estimate of anticipated EIFD projects and budget allocations over the District's lifetime.

*Table 2: Estimated Initial Priority EIFD Projects / Funding Allocations**

| # | PROJECT | ESTIMATED COST / ALLOCATION | ESTIMATED TIMING |
|--|---|-----------------------------|--|
| 1 | Civic / Administrative and Public Safety Facilities | \$7.7 million | 2023-2045 <i>(to be revisited annually by PFA for prioritization)</i> |
| 2 | FAIR District Property Acquisition | \$1.0 million | |
| 3 | Park Expansion and Connectivity | \$0.3 million | |
| 4 | Pedestrian Connectivity and Beautification | \$1.0 million | |
| 5 | Utility Infrastructure | \$0.5 million | |
| 6 | Affordable Housing Support | \$0.5 million+ (TBD) | |
| Estimated Total Costs / Budget Allocation | | \$11.0 million | <i>(present-value dollars)</i> |

**The above conceptual budget provides a snapshot of current infrastructure needs and may be modified by City Council recommendations and approval by the PFA. Funds may be adjusted depending on future needs, project costs, and/or funding availability from other sources.*

1. Civic / Administrative and Public Safety Facilities

The City’s civic and public safety buildings are experiencing a high level of disrepair due to their age, existing material, and historic lack of availability of general funds. As such, funding is needed to bring them up to modern standards or to begin the process of replacing these buildings, should facilities needs assessments necessitate it. This includes City Hall, the existing Library, the Police Station, and Fire Station 154.

1B. Acquisition and Rehabilitation Costs of Regional Dispatch Center / Emergency Operations Center

In an effort to reduce public safety costs, support mutual aid, provide more effective and standardized levels of service, increase responsiveness to 911 calls, and foster better preparation for mass casualty events, the City has entered into preliminary discussions to create a regional safety dispatch center within City boundaries. The potential regional dispatch center would require funding for both acquisition and rehabilitation, though future costs may be partially offset by payments from participating agencies. This site would also house a permanent place for the full buildout of the City’s Emergency Operations Center (EOC) to serve as a command post when activated and for emergency training purposes.

2. FAIR District Property Acquisition

The so-called “FAIR District” is located in the heart of the EIFD and is intended to foster growth for industries related to recreation activities, food and beverage, entertainment, and the arts. As



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.

part of this revitalization effort, the City will need to acquire land that visitors can use for parking while visiting the District. Additionally, property acquisition within the District is desired to create pocket parks and other public improvements. This also includes acquisition to foster pedestrian connectivity with other parts of the Downtown and the Recreation Village.

3. Park Expansion and Connectivity

Cougar Park, located between W. Puente Street and S. Citrus Avenue, lacks direct access and connectivity to these main thoroughfares. Although it is widely used, expansion of the park to foster better access has been a priority for many years. Funding for this project would be able to make the park more accessible and provide greater visibility, improving safety.

4. Pedestrian Connectivity and District Beautification

The City recognizes the need to enhance connectivity within the downtown corridor and improve pedestrian walkability as a way to encourage use of public transportation and reduce reliance on personal motor vehicles. This must also be combined with wayfinding signage and details which support placemaking and beautification to make pedestrians feel more welcome. The addition of stylized crosswalks and bulb-outs will provide an additional layer of pedestrian safety. Funding will generally be used on items such as sidewalks, signage, district branding, landscaping, and roadway improvements.

5. Utility Infrastructure

To support the increase in use of the FAIR district and Downtown area, utility upgrades and improvements to the stormwater and sewer systems will be necessary. Street improvements in the subject areas will complement any infrastructure upgrades needed.

6. Affordable Housing Support

In addition to the infrastructure categories above, which are intended to support housing development and other development, the City and PFA expect to evaluate additional projects that directly support affordable housing in future years. Existing planning anticipates affordable live-work space opportunities and other affordable housing to support community members working within the arts and maker space within the FAIR District, particularly given proximity to public transit. Such allocations would ideally serve as local match funding for complementary funding sources such as grants. As related projects are currently still in the planning and study phase, the PFA will include additional detail in future amendments to the IFP as part of the annual IFP review and amendment process.

Additional expenditures by the EIFD, including any use of potential future EIFD bond or loan proceeds, will be subject to City Council recommendations and approval by the PFA. Targeted improvements would conform to established guidelines in then existing, adopted planning documentation, such as the City General Plan. Eligible expenditures in accordance with Government code sections 53398.52 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, including the ongoing or capitalized costs to maintain public capital facilities financed in whole or in part by the EIFD. The EIFD may finance planning and design activities that are directly related to the purchase, construction, expansion, seismic retrofit, maintenance, or rehabilitation of these projects. Example projects may include, but not be limited to, the following:

- a) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities
- b) Sewage treatment and water reclamation plants and interceptor pipes
- c) Facilities for the collection and treatment of water for urban uses
- d) Flood control levees and dams, retention basins, and drainage channels
- e) Childcare facilities, libraries, and other government facilities
- f) Parks, recreational facilities, and open space
- g) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles
- h) Brownfield restoration and other environmental mitigation
- i) 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
- j) 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
- k) The acquisition, construction, or improvement of broadband Internet access service
- l) 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
- m) Facilities in which nonprofit community organizations provide health, youth, homeless, and social services.

The PFA intends to continue to identify, evaluate, and pursue additional funding sources and financing mechanisms aside from District tax increment to implement the improvements identified above, potentially including grant sources, impact fees, private sector investment incentivized by the formation of the EIFD itself, and/or other sources.

Private sector developers will be responsible for funding project-specific / fair-share / in-tract infrastructure, unless otherwise outlined in this IFP. Some public facilities included in the EIFD area are anticipated to be provided by governmental entities without assistance from the District, such as facilities within the City's Capital Improvement Program (CIP) funded from other sources such as impact fees. There are no public facilities anticipated to be provided jointly by the private

sector and governmental entities, however it is possible that private sector developers may advance funding for improvements such as brownfield site remediation, with anticipation to be partially reimbursed with EIFD proceeds. Such case-specific agreements would come before the PFA for approval at the appropriate time.

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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.

4.0 Finding of Communitywide Significance

Implementation of the District promotes the goals of the City's General Plan and Town Center Specific Plan by including sites that are well-positioned to be catalyzed by infrastructure enhancements and public improvements, particularly in the Downtown and Arts District neighborhoods. Additional benefits would include upgrades to the core civic center campus, including City Hall and police station improvements.

Implementation of the District additionally supports numerous economic development objectives, including job creation, workforce development, affordable housing, homeless prevention, improvement of quality of life, and promotion of environmental sustainability, including a portion designated as Disadvantaged Community (DAC) census tract based on the California Environmental Protection Agency (CalEPA) CalEnviroScreen tool (version 3.0).

Specific communitywide and regionally significant benefits anticipated to be generated by the District include:

- \$2.2 million in net fiscal surplus to the City over 50 years (on a present-value basis)
- 370 housing units within the District, including housing at multiple income levels
- 2,144 direct, indirect, and induced temporary, construction-related jobs in the City and County
- 218 direct, permanent jobs in the City
- 111 additional indirect and induced permanent jobs in the City and County (total of 329 direct, indirect, and induced jobs)
- \$316 million in economic output from construction in the City and County
- \$46 million in annual ongoing economic output in the City and County.

5.0 Financing Section

Projections included in this IFP are based on research and analysis of available data at the time of IFP preparation for purposes of planning and illustration. Actual results may differ from those expressed in this document.

The Covina EIFD will be funded by property tax increment from the City as taxing entity. No other taxing entity is contributing property tax increment to the District. It is anticipated that property tax increment will be utilized on both a “pay-as-you-go” basis as well as security for tax increment bond issuance or loan acquisition.

More than half of the Covina EIFD overlaps with former Covina RDA project area boundaries, specifically with areas designated RDA 1, RDA 2, and RDA 2 Annex. Thus, property tax from overlapping areas will be subordinate to Recognized Obligation Payment Schedule (ROPS) obligations of approx. \$24.6 million through 2024 (i.e., very early in the EIFD lifetime). Residual revenues to taxing entities such as the City from the Redevelopment Property Tax Trust Fund (RPTTF) will still be available to the EIFD on an annual basis, after the then-current period ROPS payments are paid.

5.1 Maximum Portion of Incremental Tax Revenue Dedicated to the District

The maximum portion of the City’s property tax increment to be committed to the District will be 50% throughout the District lifetime.

5.2 Projection of District Tax Revenues by Year

Table 3 provides an overview of the projected growth of assessed value, property tax increment, and City contributions to the District over the District lifetime. It is expected that a total of \$26,945,630 of incremental tax revenues will be allocated to the District by the City, assuming that the EIFD’s first debt issuance occurs in or around Year 5 (FY 2028-2029).

Table 3: Projection of District Revenues by Year

| Fiscal Year | Incremental Assessed Value | Property Tax Increment @ 1% General Levy | City Contribution | | | |
|----------------------|----------------------------|--|------------------------------|--------------------------|---------------------------------|----------------------------------|
| | | | Average City Share Available | City Increment Available | Portion of City Share Allocated | City Increment Allocated to EIFD |
| 0 2023 / 2024 | \$0 | \$0 | 15.40% | \$0 | 50% | \$0 |
| 1 2024 / 2025 | \$73,918,974 | \$739,190 | 15.40% | \$113,835 | 50% | \$56,918 |
| 2 2025 / 2026 | \$147,411,043 | \$1,474,110 | 15.40% | \$227,013 | 50% | \$113,507 |
| 3 2026 / 2027 | \$223,613,187 | \$2,236,132 | 15.40% | \$344,364 | 50% | \$172,182 |
| 4 2027 / 2028 | \$239,671,807 | \$2,396,718 | 15.40% | \$369,095 | 50% | \$184,547 |
| 5 2028 / 2029 | \$256,083,286 | \$2,560,833 | 15.40% | \$394,368 | 50% | \$197,184 |
| 6 2029 / 2030 | \$272,855,316 | \$2,728,553 | 15.40% | \$420,197 | 50% | \$210,099 |
| 7 2030 / 2031 | \$289,995,753 | \$2,899,958 | 15.40% | \$446,593 | 50% | \$223,297 |
| 8 2031 / 2032 | \$307,512,626 | \$3,075,126 | 15.40% | \$473,569 | 50% | \$236,785 |
| 9 2032 / 2033 | \$325,414,136 | \$3,254,141 | 15.40% | \$501,138 | 50% | \$250,569 |
| 10 2033 / 2034 | \$343,708,660 | \$3,437,087 | 15.40% | \$529,311 | 50% | \$264,656 |
| 11 2034 / 2035 | \$362,404,761 | \$3,624,048 | 15.40% | \$558,103 | 50% | \$279,052 |
| 12 2035 / 2036 | \$381,511,181 | \$3,815,112 | 15.40% | \$587,527 | 50% | \$293,764 |
| 13 2036 / 2037 | \$401,036,857 | \$4,010,369 | 15.40% | \$617,597 | 50% | \$308,798 |
| 14 2037 / 2038 | \$420,990,915 | \$4,209,909 | 15.40% | \$648,326 | 50% | \$324,163 |
| 15 2038 / 2039 | \$441,382,681 | \$4,413,827 | 15.40% | \$679,729 | 50% | \$339,865 |
| 16 2039 / 2040 | \$460,212,335 | \$4,602,123 | 15.40% | \$708,727 | 50% | \$354,363 |
| 17 2040 / 2041 | \$479,418,581 | \$4,794,186 | 15.40% | \$738,305 | 50% | \$369,152 |
| 18 2041 / 2042 | \$499,008,953 | \$4,990,090 | 15.40% | \$768,474 | 50% | \$384,237 |
| 19 2042 / 2043 | \$518,991,132 | \$5,189,911 | 15.40% | \$799,246 | 50% | \$399,623 |
| 20 2043 / 2044 | \$539,372,955 | \$5,393,730 | 15.40% | \$830,634 | 50% | \$415,317 |
| 21 2044 / 2045 | \$560,162,414 | \$5,601,624 | 15.40% | \$862,650 | 50% | \$431,325 |
| 22 2045 / 2046 | \$581,367,662 | \$5,813,677 | 15.40% | \$895,306 | 50% | \$447,653 |
| 23 2046 / 2047 | \$602,997,015 | \$6,029,970 | 15.40% | \$928,615 | 50% | \$464,308 |
| 24 2047 / 2048 | \$625,058,956 | \$6,250,590 | 15.40% | \$962,591 | 50% | \$481,295 |
| 25 2048 / 2049 | \$647,562,135 | \$6,475,621 | 15.40% | \$997,246 | 50% | \$498,623 |
| 26 2049 / 2050 | \$670,515,377 | \$6,705,154 | 15.40% | \$1,032,594 | 50% | \$516,297 |
| 27 2050 / 2051 | \$693,927,685 | \$6,939,277 | 15.40% | \$1,068,649 | 50% | \$534,324 |
| 28 2051 / 2052 | \$717,808,239 | \$7,178,082 | 15.40% | \$1,105,425 | 50% | \$552,712 |
| 29 2052 / 2053 | \$742,166,403 | \$7,421,664 | 15.40% | \$1,142,936 | 50% | \$571,468 |
| 30 2053 / 2054 | \$767,011,731 | \$7,670,117 | 15.40% | \$1,181,198 | 50% | \$590,599 |
| 31 2054 / 2055 | \$792,353,966 | \$7,923,540 | 15.40% | \$1,220,225 | 50% | \$610,113 |
| 32 2055 / 2056 | \$818,203,045 | \$8,182,030 | 15.40% | \$1,260,033 | 50% | \$630,016 |
| 33 2056 / 2057 | \$844,569,106 | \$8,445,691 | 15.40% | \$1,300,636 | 50% | \$650,318 |
| 34 2057 / 2058 | \$871,462,488 | \$8,714,625 | 15.40% | \$1,342,052 | 50% | \$671,026 |
| 35 2058 / 2059 | \$898,893,738 | \$8,988,937 | 15.40% | \$1,384,296 | 50% | \$692,148 |
| 36 2059 / 2060 | \$926,873,613 | \$9,268,736 | 15.40% | \$1,427,385 | 50% | \$713,693 |
| 37 2060 / 2061 | \$955,413,085 | \$9,554,131 | 15.40% | \$1,471,336 | 50% | \$735,668 |
| 38 2061 / 2062 | \$984,523,347 | \$9,845,233 | 15.40% | \$1,516,166 | 50% | \$758,083 |
| 39 2062 / 2063 | \$1,014,215,814 | \$10,142,158 | 15.40% | \$1,561,892 | 50% | \$780,946 |
| 40 2063 / 2064 | \$1,044,502,130 | \$10,445,021 | 15.40% | \$1,608,533 | 50% | \$804,267 |
| 41 2064 / 2065 | \$1,075,394,173 | \$10,753,942 | 15.40% | \$1,656,107 | 50% | \$828,054 |
| 42 2065 / 2066 | \$1,106,904,056 | \$11,069,041 | 15.40% | \$1,704,632 | 50% | \$852,316 |
| 43 2066 / 2067 | \$1,139,044,137 | \$11,390,441 | 15.40% | \$1,754,128 | 50% | \$877,064 |
| 44 2067 / 2068 | \$1,171,827,020 | \$11,718,270 | 15.40% | \$1,804,614 | 50% | \$902,307 |
| 45 2068 / 2069 | \$1,205,265,560 | \$12,052,656 | 15.40% | \$1,856,109 | 50% | \$928,054 |
| 46 2069 / 2070 | \$1,239,372,872 | \$12,393,729 | 15.40% | \$1,908,634 | 50% | \$954,317 |
| 47 2070 / 2071 | \$1,274,162,329 | \$12,741,623 | 15.40% | \$1,962,210 | 50% | \$981,105 |
| 48 2071 / 2072 | \$1,309,647,576 | \$13,096,476 | 15.40% | \$2,016,857 | 50% | \$1,008,429 |
| 49 2072 / 2073 | \$1,345,842,527 | \$13,458,425 | 15.40% | \$2,072,597 | 50% | \$1,036,299 |
| 50 2073 / 2074 | \$1,382,761,378 | \$13,827,614 | 15.40% | \$2,129,453 | 50% | \$1,064,726 |
| Total | | | | \$53,891,260 | 50% | \$26,945,630 |
| Present Value | | | | \$22,112,296 | 50% | \$11,056,148 |

Note: Present value at 3% discount rate. Assumes 50-year District lifetime (45 years from hypothetical debt issuance in Year 5).



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.

These projections are based on research and analysis of available data at the time of IFP preparation for purposes of illustration. Actual results may differ from those expressed in this document. Appendix C provides additional detail for the projected revenue analysis.

5.3 Plan for Financing Public Facilities

The PFA intends to utilize numerous funding sources and financing mechanisms to implement the projects identified in Section 3.2, potentially including District tax increment, grant sources, impact fees, private sector investment, and/or other sources.

As it pertains to the use of District tax increment, the PFA intends to incur debt only when it is financially prudent to do so. It is estimated at this time that approximately \$11 million of EIFD funding (in present value dollars) will be made available through bond or loan proceeds and pay-as-you-go proceeds over the District lifetime. It may be the case that multiple debt issuances will be necessary to achieve the targeted funding capacity.

5.4 Limit on Total Dollars Allocated to the District

The total number of dollars or taxes that may be allocated to the District shall not exceed \$60,000,000 (nominal dollars).

The limit on the total number of dollars that the City will contribute to the EIFD shall be defined as the annual amount of the City contributions that are needed to pay bond payments, or otherwise fund the approved list of infrastructure and other projects and expenses of the District, with an estimated cost of approximately \$11 million (in present value dollars) over the entire District lifetime. The infrastructure and other projects shall be considered fully funded when all projects have been financed by bonds, excess tax increment, or other funds. In the following fiscal year after the projects have been fully funded, and any year thereafter up to the time limit, any City contributions in excess of remaining bond payments shall be returned by the EIFD to the City.

5.5 District Termination Date

The District will cease to exist the earlier of: (i) forty five (45) years from the date on which the first issuance of bonds is approved by the PFA (or an issuance of a loan to the EIFD is approved by the relevant local agency governing board), or (ii) June 30, 2100. This IFP assumes that the District will be formed in Fiscal Year 2022-2023 and will begin receiving tax revenues in Fiscal Year 2023-2024.

5.6 Analysis of Costs to Provide Facilities and Services

Appendix D to this IFP includes, as part of the Fiscal Impact Analysis, an analysis of the costs to the City for providing facilities and services to the area of the District. It is estimated that, at Year 15 of the District lifetime (assumed stabilized buildout of District area), annual costs to the City will be approximately \$982,400 to service the area of the District.

5.7 Fiscal Impact Analysis

Appendix D to this IFP includes an analysis of the projected fiscal impact of the District and the associated development upon the City, as the only affected taxing entity contributing tax increment revenues to the District. Table 4 presents an overview of fiscal impacts to the City.

Table 4: Overview of Fiscal Impacts to City

| | Annual (Stablized Year 15) | Year 0-50 Nominal Total | Year 0-50 Present Value @ 3.0% |
|---|----------------------------------|-------------------------------|--------------------------------------|
| City of Covina | | | |
| Estimated Fiscal Revenues (Net of Allocation to EIFD) | \$1,204,400 | \$82,754,300 | \$34,178,100 |
| Estimated Fiscal Expenditures | (\$982,400) | (\$80,832,200) | (\$32,014,300) |
| Estimated Net Fiscal Impact to City | \$222,000 | \$1,922,100 | \$2,163,800 |

It is estimated that, at Year 15 of the District lifetime, the District area will generate an annual net fiscal surplus of \$222,000 to the City. Over 50 years, District activity will generate a positive net fiscal impact of approximately \$2.2 million for the City on a present-value basis. This is in addition to the Community economic benefits outlined in Section 4 of this IFP (e.g., jobs, housing, remediation of contamination, connectivity, active transportation).

5.8 Developer Reimbursement for Transit Priority Project

The PFA does not intend to finance any potential costs that may be incurred by reimbursing a developer of a project that is both located entirely within the boundaries of the District and qualifies for the Transit Priority Project Program, pursuant to Section 65470. To the extent that a developer is willing to fund Transit Priority Project infrastructure expenditures beyond and in advance of said developer's fair share (not contemplated at this time), the PFA may consider and evaluate such reimbursement at the appropriate time.

6.0 Removal of Dwelling Units and Replacement Housing Plan

The PFA does not anticipate that any housing units will be removed as a result of any project identified in this IFP. However, if any relocation of dwelling units is deemed to be required in the future for a project financed by the District, the PFA will comply with the requirements of Government Code Section 53398.56.

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7.0 Goals of the District

The goals of the District's implementation of the public facilities outlined in Section 3.2 is to support the goals of the City's General Plan and Town Center Specific Plan by including sites that are well-positioned to be catalyzed by infrastructure enhancements and public improvements, particularly in the Downtown and Arts District neighborhoods. Additional benefits would include upgrades to the core civic center campus, including City Hall and police station improvements.

The underlying objectives include economic development in the form of fiscal revenue generation for the City, County, and other taxing entities, job creation, provision of new housing supply at multiple income levels, improvement of quality of life, and promotion of environmental sustainability. The District will be utilized to address critical infrastructure and affordable housing project funding, which are needed to catalyze private sector investment and development.

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8.0 Appendices

- Appendix A: Map of Boundaries of the Covina EIFD
- Appendix B: Legal Description of the Covina EIFD
- Appendix C: Projected Tax Increment Revenue Analysis
- Appendix D: Fiscal Impact Analysis
- Appendix E: General Plan Environmental Impact Report

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