

Exploration of an Enhanced Infrastructure Financing District & Quarterly Council Update #6

Midway Rising
March 11, 2024

Item No. 201

Requested Action

Approve a Resolution of the Council supporting the exploration of an enhanced infrastructure financing district, or similar alternative funding mechanism to assist with redeveloping a 48.5 acre city-owned site in the City's Midway District



- Home to Pechanga Arena
- 3220, 3240, 3250 and 3500 Sports Arena Blvd.
- 48.5 acre site
- Council District 2

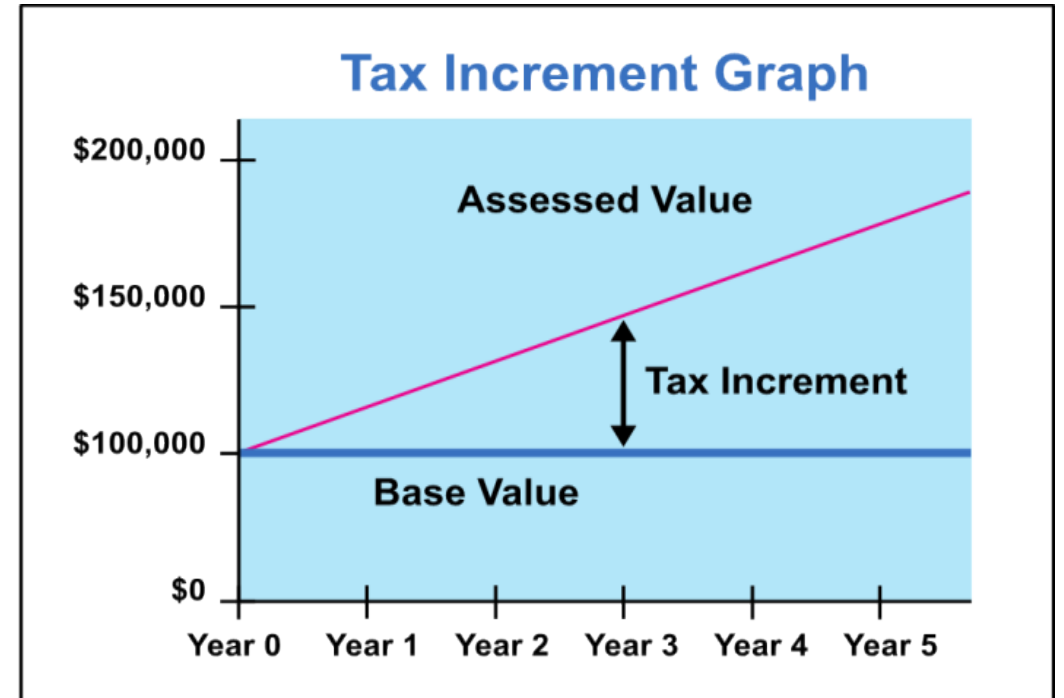


Enhanced Infrastructure Financing District (EIFD)

- Fund infrastructure, economic development and affordable housing absent Redevelopment.
- CA Governor signed SB 628 in 2014 along with AB 2 (Community Revitalization and Investment Authorities - CRIA) as economic development tools but lack strong financial engine to succeed on its own.
- Legislative revisions introduced annually to improve as powerful tool to implement infrastructure and affordable housing developments.
- Independent public agency subject to the Brown Act and other statutes governing local government entities.
- A Public Financing Authority serves as its governing board. Board is composed of majority of members (e.g. City Council Members and County Supervisors) of participating taxing entities. At least two (2) members of the public selected by the participating taxing entities.

EIFD Financing

- Revenues from property tax increment allocated by participating taxing entities
- Not a new revenue stream
- Funded with property tax revenue that otherwise would go to the City's general fund
- All taxing entities receive revenues derived from base year assessed value
- Any growth over base value is allocated to finance public capital improvements



Allowable Uses for EIFD Funds

Example eligible infrastructure projects:

- Highways
- Interchanges
- Ramps and bridges
- Transit facilities
- Sewage treatment and water reclamation plans
- Flood control levees and dams
- Childcare facilities
- Libraries
- Parks
- Brownfield restoration and other environmental mitigation; and projects that implement a sustainable community's strategy

EIFD Pros and Cons

EIFDs have benefits but are not a panacea

Benefits

- Collect tax increment
- Does not increase property tax assessments.
- Divert a portion of **increment** generated by the development
- Financing public works projects without imposing special liens on property or new taxes
- Proceeds may be spent outside of EIFD boundaries
- Can issue bonds with majority approval of the PFA Board

Drawbacks

- Reluctance of other taxing agencies to participate.
- Schools or Community College Districts Cannot Participate (45%-50% approx.)
- Maximum term is 45 years from 1st debt issuance
 - Development needs to start immediately
- Cannot use bond proceeds to pay for maintenance, repairs, operating costs and services
- Cumbersome to initiate and significant reporting required
- Significantly less tax increment compared to former Redevelopment

Quarterly Update

Exclusive Negotiating Agreement – December 2022 - 2024

- Completion of physical site due diligence
- Updated and comprehensive financial feasibility analysis
- Updated Pro forma and Financing Plan
- Project description to initiate CEQA process
- Notice of Preparation Public Comment period
 - Dec. 18 – Jan. 17, 2024

*Explore revenue and tax increment mechanisms (TODAY)

Quarterly Update – Next Steps

- Continue negotiations for the lease
- Concurrently work on EIFD feasibility
- Concurrently receive stakeholder feedback/informational sessions
 - Next Workshop held @ Catamaran Resort on **March 18 at 6:00pm**
- CEQA process underway
- Next quarterly update to Council – June

<https://www.sandiego.gov/real-estate-and-airport-management/midway-rising>



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Questions?