



**RANCHO CUCAMONGA EIFD
PUBLIC FINANCING AUTHORITY AGENDA
Regular Meeting
August 01, 2023 – 6:00 PM
Council Chambers
10500 Civic Center Drive
Rancho Cucamonga, CA 91730**



A. CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL: Chair Michael
Vice Chair Kennedy
Board Members Daniels, Oaxaca and Scott

B. ANNOUNCEMENT / PRESENTATIONS

C. PUBLIC COMMUNICATIONS

This is the time set aside for anyone wishing to address the Authority on items not listed in any other place on the agenda. Under the provisions of the Brown Act, the legislative body is prohibited from talking or engaging in discussion on any item not appearing on the posted agenda. However, your concerns may be referred to staff or set for discussion at a later date. Any person desiring to speak should fill out a "Speaker Request Form" and give it to the Clerk before that portion of the agenda is called. Comments are to be limited to three (3) minutes per individual. For Rules of Decorum refer to Resolution No. 2023-086.

D. CONSENT CALENDAR

D1. Consideration of Meeting Minutes for the Regular Meeting of: May 2, 2023.

E. ITEMS FOR DISCUSSION

F. ADVERTISED PUBLIC HEARINGS ITEM(S)

F1. Conduct a Public Hearing on the Rancho Cucamonga Enhanced Infrastructure Financing District Annual Report for the Fiscal Year 2022-2023 and Consideration of a Resolution Adopting the Annual Report for the Fiscal Year 2022-2023. This project is exempt from CEQA as it does not constitute a project under CEQA guidelines. **(RESOLUTION NO. PFA 2023-001)** (EIFD)

G. ADJOURNMENT

CERTIFICATION

I, Linda A. Troyan, MMC, City Clerk Services Director of the City of Rancho Cucamonga, or my designee, hereby certify under penalty of perjury that a true, accurate copy of the foregoing agenda was posted on at least seventy-two (72) hours prior to the meeting per Government Code 54954.2 at 10500 Civic Center Drive, Rancho Cucamonga, California and on the City's website.

LINDA A. TROYAN, MMC

CITY CLERK SERVICES DIRECTOR



If you need special assistance or accommodations to participate in this meeting, please contact the City Clerk's office at (909) 477-2700. Notification of 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility. Listening devices are available for the hearing impaired.

May 2, 2023

RANCHO CUCAMONGA

EIFD PUBLIC FINANCING AUTHORITY MEETING MINUTES

A. CALL TO ORDER

The Rancho Cucamonga EIFD Public Financing Authority Meeting held a Special Meeting on Tuesday, May 2, 2023 in the Council Chambers, 10500 Civic Center Drive, Rancho Cucamonga, California. Board Member Scott called the meeting to order at 6:00 p.m.

Present were Board Members: Ryan Hutchison, Linda Daniels, Francisco Oaxaca, Kristine Scott and Ashley Stickler. Absent: Chair L. Dennis Michael and Vice Chair Lynne Kennedy

Also present were: Noah Daniels, Finance Director and Patricia Bravo-Valdez, Acting Secretary.

Board Member Hutchison led the Pledge of Allegiance.

B. ANNOUNCEMENT / PRESENTATIONS

None.

C. PUBLIC COMMUNICATIONS

None.

D. CONSENT CALENDAR

D1. Consideration of Meeting Minutes for the Special Meeting of: June 19, 2022.

MOTION: Moved by Board Member Oaxaca, seconded by Board Member Daniels, to approve Consent Calendar item D1. Motion carried 4-0-1, with Board Member Hutchison abstaining on item D1.

E. ITEMS FOR DISCUSSION

E1. Review the Infrastructure Financing Plan and Consider Any Amendments that are Necessary and Appropriate. (EIFD)

City of Rancho Cucamonga Finance Director Daniels provided the Staff Report, reviewed the Infrastructure Financing Plan and responded to questions from the Board.

Received and filed report.

F. ADVERTISED PUBLIC HEARINGS ITEM(S) –

None.

G. ADJOURNMENT - The meeting adjourned at 6:11 p.m.

Respectfully submitted,

Patricia Bravo-Valdez, MMC
Acting Secretary

Approved:

****DRAFT****



DATE: August 1, 2023

TO: Chairman and Board Members of the Rancho Cucamonga EIFD Public Financing Authority

FROM: Noah Daniels, Finance Director

SUBJECT: Conduct a Public Hearing on the Rancho Cucamonga Enhanced Infrastructure Financing District Annual Report for the Fiscal Year 2022-2023 and Consideration of a Resolution Adopting the Annual Report for the Fiscal Year 2022-2023. This project is exempt from CEQA as it does not constitute a project under CEQA guidelines. **(RESOLUTION NO. PFA 2023-001)(EIFD)**

RECOMMENDATION:

Staff recommends the Rancho Cucamonga EIFD Public Financing Authority (PFA) conduct a public hearing on the Annual Report of the Rancho Cucamonga Enhanced Infrastructure Financing District (RC EIFD) and approve a Resolution adopting the Annual Report for the Fiscal Year 2022-2023 of the RC EIFD.

BACKGROUND:

The City Council of the City of Rancho Cucamonga and Rancho Cucamonga Fire Protection District Board of Directors established the Rancho Cucamonga EIFD Public Financing Authority (PFA) for the Rancho Cucamonga Enhanced Infrastructure Financing District (RC EIFD) at its regular meeting on February 16, 2022. The PFA is the governing board of the RC EIFD, which approved the Infrastructure Financing Plan (IFP) on July 19, 2022; the City Council and Fire Protection District Board approved it on May 18, 2022.

The RC EIFD is funded by future property tax increment revenue (i.e., the difference in property taxes received by the City and Fire District before and after the establishment of the EIFD) generated within the boundaries of the RC EIFD. Thus, no new taxes are imposed on the public through the EIFD. The incremental property tax revenues will fund public capital facilities and infrastructure and other specified projects of communitywide significance that significantly benefit properties within the RC EIFD and the surrounding community. The EIFD may finance projects by issuing bonds or other debt and/or under a “pay-go” model where money is spent as it is collected.

The RC EIFD boundaries include areas of the City that are currently vacant, significantly underutilized, and/or proposed for extensive development or redevelopment. These areas represent the greatest potential for property tax growth and where investment in infrastructure can trigger substantial economic development benefits.

On an annual basis, the PFA is required to adopt an annual report documenting the status of specified elements of the IFP for the RC EIFD.

ANALYSIS:

City staff and Kosmont Companies, consultant, have prepared the RC EIFD's Fiscal Year 2022-2023 Annual Report (Attachment 2).

A draft report was made available to the public on the RC EIFD's website on June 28, 2023, more than 30 days before the public hearing. In addition, a written notice was mailed to all residents and landowners within the boundary of the RC EIFD.

To comply with established requirements, the RC EIFD's Fiscal Year 2022-2023 Annual Report includes the following sections:

1. A description of the projects undertaken in the fiscal year.

No projects were undertaken in the Fiscal Year 2022-2023, which is consistent with the progress expected to be made at this point.

2. A chart comparing the actual revenue and expenses, including administrative costs, of the public financing authority to the budgeted revenue and expenses.

Tax increment revenue is projected to begin flowing in FY 2022-23. However, consistent with staff expectations, there is an administrative lag in time between the formation of the RC EIFD by the PFA, the filing of the required jurisdictional boundary change application with the State Board of Equalization ("SBOE") (completed before December 1, 2022 deadline), and the actual arrangement of the EIFD tax allocation system specific to the RC EIFD by SBOE and the County of San Bernardino ("County") Auditor-Controller's office. Staff believes amounts may be received during the Fiscal Year 2023-2024 based on communication with the County.

For this reason, the expected tax increment revenue allocations to the RC EIFD will be delayed. Actual revenues are omitted from the Annual Report until the County finalizes calculations and the appropriate allocation amounts are confirmed and received by the RC EIFD.

RC EIFD expenses are being paid per an advance loan agreement with the City of Rancho Cucamonga. Upon receipt of tax increment revenues, these expenses will be repaid to the City.

3. The amount of tax increment revenue received.

Anticipated RC EIFD tax increment revenues for the Fiscal Year 2022-2023 are expected to be \$120,622, subject to confirmation as actual RC EIFD revenue calculations are finalized and allocation amounts are confirmed.

4. An assessment of the status regarding the completion of the enhanced infrastructure financing district's projects.

The RC EIFD is in the early phase of building a stabilized revenue stream that could be leveraged for future projects and potential debt issuance(s) accordingly. No RC EIFD projects have been funded, which is consistent with current expectations.

5. The amount of revenue expended to assist private businesses.

As of the date of this Annual Report, no revenue has been expended to assist private businesses.

CEQA REVIEW:

The PFA's adoption of the RC EIFD's Annual Report for the Fiscal Year 2022-2023 is exempt from the California Environmental Quality Act ("CEQA") as actions solely related to the creation of government funding mechanisms or other government fiscal activities. Therefore, these actions do not constitute a "project" pursuant to CEQA Guidelines Sections 15378(b)(4) and 15378(b)(5). This action could not result in a physical change in the environment because the PFA has not committed itself to any specific project(s) that the EIFD could fund. As a separate and independent ground, these actions are exempt from the requirements of CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that there is no possibility that they will have a significant effect on the environment. However, future actions (such as the approval of infrastructure improvements using funding from the EIFD) will be subject to environmental review in accordance with CEQA.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

For the RC EIFD, a portion of future property tax revenue increases from properties within the RC EIFD that the City and Fire District would otherwise receive is allocated to the RC EIFD to fund infrastructure and other public improvements, subject to compliance by the RC EIFD and the PFA with the IFP. As outlined in the IFP, the allocation of tax increment is contingent upon the PFA's use of such increment for authorized purposes. The City Council reserved the right to approve any bonds, notes, agreements, or contractual obligations of the RC EIFD that are payable from such tax increment.

ATTACHMENTS:

Attachment 1 – Resolution

Attachment 2 – Annual Report for the Fiscal Year 2022-2023

PFA RESOLUTION NO. 2023-001

A RESOLUTION OF THE RANCHO CUCAMONGA EIFD PUBLIC FINANCING AUTHORITY ADOPTING THE ANNUAL REPORT FOR FISCAL YEAR 2022-2023

WHEREAS, the California Legislature enacted Chapter 2.99 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53398.50 (“EIFD Law”) authorizing cities to form enhanced infrastructure financing districts (“EIFDs”) and authorizing EIFDs to use specified property tax increment revenue generated within their boundaries to finance certain public facilities and projects of communitywide significance that provide significant benefits to the EIFDs or the surrounding community; and

WHEREAS, in enacting the EIFD Law, the California Legislature found and declared that with the dissolution of redevelopment agencies, public benefits will accrue if local agencies finance certain public facilities and projects authorized under the EIFD Law; and

WHEREAS, on February 16, 2022, the City Council of the City of Rancho Cucamonga (“City Council”) adopted Resolution No. 2022-029, which initiated the process to establish the Rancho Cucamonga Enhanced Infrastructure Financing District (“Rancho Cucamonga EIFD”) pursuant to EIFD Law and established the Rancho Cucamonga EIFD Public Financing Authority (“PFA”) to serve as the governing board of the Rancho Cucamonga EIFD; and

WHEREAS, on February 16, 2022, the Board of Directors of the Rancho Cucamonga Fire Protection District (“Fire District”) adopted Resolution No. FD 2022-003, which declared the Fire District’s intent to participate in the Rancho Cucamonga EIFD and take other actions in furtherance of the Rancho Cucamonga EIFD; and

WHEREAS, on March 8, 2022, the PFA adopted Bylaws of the PFA, which provide that the Executive Director of the Rancho Cucamonga EIFD (“Executive Director”) shall be the then current City Manager of the City of Rancho Cucamonga and shall conduct the day-to day administration of the Rancho Cucamonga EIFD’s business and affairs subject to direction by the Board of Directors of the PFA (“Board”); and

WHEREAS, on March 8, 2022, pursuant to Government Code Section 53398.63, the PFA directed the Executive Director of the PFA to prepare a draft Infrastructure Financing Plan (“IFP”) for the Rancho Cucamonga EIFD, which defines the boundaries of the Rancho Cucamonga EIFD, identifies the public facilities and improvements to be financed with assistance from the Rancho Cucamonga EIFD, and a plan for using tax increment generated in the Rancho Cucamonga EIFD to finance the public facilities and improvements identified in the IFP, including the issuance of bonds and other debt; and

WHEREAS, on April 5, 2022, staff of the PFA and its consultants presented in a duly noticed public meeting the draft IFP, answered questions about the draft IFP, and considered comments about the draft IFP; and

WHEREAS, the PFA duly noticed and held three public hearings on the IFP on May 10, 2022, June 14, 2022, and July 19, 2022, and, in accordance with Government Code Section 53398.66, considered written and oral comments regarding the Rancho Cucamonga EIFD and draft IFP; and

WHEREAS, on July 19, 2022, by PFA Resolution No. 2022-03, the PFA among other things adopted the IFP, which is on file in the office of the City Clerk of the City of Rancho Cucamonga, Rancho Cucamonga City Hall, 10500 Civic Center Drive, Rancho Cucamonga, CA 91730; and

WHEREAS, the EIFD Law requires the PFA to review the IFP on at least an annual basis and document the status of implementation of the Rancho Cucamonga EIFD under the IFP, as required by California Government Code Section 53398.66(j); and

WHEREAS, the PFA's adoption of of the EIFD Annual Report for Fiscal Year 2022-23 is not a "project" under the California Environmental Quality Act ("CEQA") since it is not in-and-of itself a "project" (pursuant to CEQA Guidelines Section 15378), and since it involves the creation of a government funding mechanism that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment per CEQA Guidelines Section 15378(b)(4). Additionally, the actions authorized by this resolution are exempt from CEQA since it can be determined with certainty that there is no possibility they will result in a significant effect on the environment. However, future actions (such as the funding of infrastructure improvements using funding from the Rancho Cucamonga EIFD will be subject to environmental review in accordance with CEQA at the "earliest feasible time" prior to "approval" consistent with CEQA Guidelines Sections 15004 and 15352.

NOW, THEREFORE, BE IT RESOLVED, by the RANCHO CUCAMONGA EIFD PUBLIC FINANCING AUTHORITY, as follows:

1. The PFA hereby finds that the facts set forth in the recitals to this Resolution are true and correct and establish the factual basis for the PFA's adoption of this Resolution.
2. The PFA hereby adopts the EIFD Annual Report for Fiscal Year 2022-2023 (attached hereto as Exhibit "A," and on file with the Secretary of the PFA for this meeting). Pursuant to the IFP and the EIFD Law, incremental property tax revenue, including property tax revenue in lieu of vehicle license fee revenue, from the City within the boundary of the Rancho Cucamonga EIFD will be used to finance the activities of the Rancho Cucamonga EIFD, subject to, and in accordance with, the terms and conditions of the IFP and the EIFD Law. The IFP shall be reviewed, and may be modified or amended, in accordance with the EIFD Law.
3. The Executive Director or designee, with legal advice from the City Attorney, as counsel to the Rancho Cucamonga EIFD, is hereby authorized and directed, on the Rancho Cucamonga EIFD's behalf, to do any and all things and take any and all actions that are necessary to implement the provisions of this Resolution, including execution and delivery of any and all documents, certificates, agreements, notices and consents which are necessary in order to effectuate the purposes of this Resolution. Whenever in this Resolution any officer of the Rancho Cucamonga EIFD is directed to execute or attest any document or take any other

action, that execution, attestation, or action may be taken on behalf of that officer by any person he or she designates to act on his or her behalf if the officer is absent or unavailable.

4. If any section, subsection, phrase, or clause of this Resolution is for any reason found to be invalid, such section, subsection, phrase or clause shall be severed from, and shall not affect the validity of, all remaining portions of this Resolution that can be given effect without the severed portion.

5. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 1st day of August, 2023, by the following vote:

| | |
|------------|----------------|
| AYES: | BOARD MEMBERS: |
| NOES: | BOARD MEMBERS: |
| ABSENT: | BOARD MEMBERS: |
| ABSTAINED: | BOARD MEMBERS: |

Chair, Rancho Cucamonga EIFD Public Financing Authority

ATTEST:

Secretary, Rancho Cucamonga EIFD Public Financing Authority

Exhibit A

**Annual Report for Fiscal Year 2022-2023 of the Rancho Cucamonga Enhanced
Infrastructure Financing District**

CITY OF RANCHO CUCAMONGA ENHANCED INFRASTRUCTURE FINANCING DISTRICT

**ANNUAL REPORT
FISCAL YEAR 2022-2023**

Prepared For:

The City of Rancho Cucamonga



**RANCHO
CUCAMONGA**

Prepared By:



JUNE 2023

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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.

1.0 Introduction

1.1 Background and Purpose

The City Council of the City of Rancho Cucamonga established the Public Financing Authority (“PFA”) for the Rancho Cucamonga Enhanced Infrastructure Financing District (“EIFD”) at its meeting on February 16, 2022. The Board of Directors of the Rancho Cucamonga Fire Protection District additionally declared its intention to participate in the EIFD and newly formed PFA at its meeting on February 16, 2022. The purpose of the PFA was to establish and implement the EIFD. The governing Infrastructure Finance Plan (“IFP”) was adopted by the City Council and the Fire District Board of Directors on May 18, 2022 and separately by the PFA on July 19, 2022.

The EIFD encompasses approximately 1,500 acres of land, representing approximately 6.0% of the total acreage within the City. The EIFD includes various non-contiguous, largely undeveloped or underdeveloped parcels with significant potential for new development and/or rehabilitation. The purpose of the EIFD is to fund critical infrastructure of benefit to the EIFD area and other portions of the City and greater local region.

This Annual Report is prepared pursuant to Government Code Section 53398.66 and presents the following information:

- a) A description of the projects undertaken in the fiscal year, including any rehabilitation of structures, and a comparison of the progress expected to be made on those projects compared to the actual progress.
- b) A chart comparing the actual revenue and expenses, including administrative costs, of the public financing authority to the budgeted revenue and expenses.
- c) The amount of tax increment revenue received.
- d) An assessment of the status regarding completion of the enhanced infrastructure financing district’s projects.
- e) The amount of revenue expended to assist private businesses.

2.0 Description of Projects in FY 2022-23

There were no projects undertaken in Fiscal Year (“FY”) 2022-23, which is consistent with the progress expected to be made at this point.

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3.0 Actual vs. Budgeted Revenues and Expenses

The EIFD was established in July 2022 with Fiscal Year 2021-22 as its base year. Tax increment revenue is projected to first begin flowing in FY 2022-23 as outlined in Table 1 below. However, consistent with staff and financing team expectations, there is an administrative lag in time between formation of the EIFD by the PFA, the filing of the required jurisdictional boundary change application¹ with the State Board of Equalization (“SBOE”) (completed prior to December 1, 2022 deadline), and the actual arrangement of the EIFD tax allocation system specific to the EIFD by SBOE and the County of San Bernardino (“County”) Auditor-Controller’s office.

SBOE creates new “tax rate areas” (“TRAs”) specific to the EIFD boundary that assist the County Assessor’s office and County Auditor-Controller’s office is tracking and accounting for EIFD incremental assessed property value growth and corresponding property tax revenues over time. Most county auditor-controllers have been reporting and allocating the total property tax increment revenues within the EIFD boundary to the local city, and then deferring to the local city finance department to apportion the correct percentage of incremental property tax revenue to the EIFD special fund, consistent with the approved financing plan.

For this reason, it is expected that finalized tax increment revenue calculations by County Assessor and Auditor-Controller and corresponding revenue allocations to the EIFD by the City for accrued EIFD revenues may be delayed up to two years until FY 2024-2025. Subsequently, actual revenues are omitted below until calculations are finalized and the appropriate allocation amounts are confirmed.

Table 1: Projected and Actual Revenue and Expenses

| | Projected FY 2022-23 | Actual FY 2022-23 |
|--------------------------------|-------------------------|----------------------|
| EIFD Revenues | \$120,622 | \$0 |
| Administrative Expenses | (\$59,850) | (\$39,000) |
| Net Revenue | \$60,772 | (\$39,000) |

* Actual amounts prior to June 30, 2023, and will to be confirmed and updated later.

** Expenses paid by a loan agreement with the City of Rancho Cucamonga

¹ Form BOE-400-TA (Statement of Boundary Change) – Link: <https://www.boe.ca.gov/proptaxes/sprdcont.htm>



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.

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4.0 Tax Increment Revenue Received

For the time being, while the EIFD tax allocation system is being arranged by SBOE and County Auditor-Controller, anticipated EIFD tax increment revenues are outlined in Table 2 below, subject to confirmation as actual EIFD revenue calculations are finalized, and allocation amounts are confirmed.

Table 2: EIFD Tax Increment Revenue Received

| Year | Annual EIFD Revenues | Cumulative EIFD Revenues |
|---|-----------------------------|-----------------------------|
| FY 2021-22 <i>(base year)</i> | \$0.00 | \$0.00 |
| FY 2022-23 | \$120,622 (to be confirmed) | \$120,622 (to be confirmed) |

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5.0 EIFD Project Status

The EIFD is in the early phase of building a stabilized revenue stream that could be leveraged for future projects and potential debt issuance(s) accordingly. No EIFD projects have been funded, which is consistent with City and the PFA expectations at this time.

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6.0 Revenue Expended for Private Business

As of the date of this Annual Report, no revenue have been expended to assist private businesses. This is consistent with City and the PFA expectations at this time.

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