

City of Sacramento

Legislation Text

File #: 2019-00978, **Version:** 1

Title:

Resolution of Intention to Establish an Enhanced Infrastructure Financing District for the Stadium Area of the Railyards

File ID: 2019-00978

Location: District 3

Recommendation:

Adopt a Resolution of Intention to establish an Enhanced Infrastructure Financing District (EIFD) for the Stadium Area in the Downtown Sacramento Railyards (Railyards).

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Presenter: None.

Attachments:

- 1-Description/Analysis
- 2-Schedule of Proceedings
- 3-Resolution of Intention
- 4-Exhibit A: EIFD Boundaries
- 5-Exhibit B: List of Authorized Facilities

Description/Analysis

Issue Detail: On April 9, 2019, City Council approved the Sacramento Major League Soccer Stadium Preliminary Term Sheet (Term Sheet) between the City and a private investor group (Resolution No. 2019-0112). The Term Sheet provides a framework for a public-private partnership for the construction and operation of a new multi-purpose stadium and investment in critical Railyards infrastructure.

One element of the Term Sheet is the formation of an EIFD to finance public infrastructure improvements that support broad development within the EIFD boundaries. An EIFD is a type of

special financing district that utilizes a portion of tax increment revenue from a specific area to finance capital facilities or other specified projects of communitywide significance. The California Legislature authorized the formation of EIFDs in 2014 through Senate Bill 628, and the statutory framework for EIFDs is codified in Chapter 2.99 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53398.50) (EIFD Law).

Pursuant to EIFD Law, proceedings for the establishment of an EIFD are instituted by Council adopting a Resolution of Intention (ROI). In addition to stating the City's intent to form the EIFD, the ROI must:

1. Describe the boundaries of the proposed EIFD.
2. State the type of public facilities to be financed.
3. State the need for the EIFD and the goals it proposes to achieve.
4. State that the portion of the incremental tax revenue from the City may be used to finance the facilities.
5. Establish a Public Financing Authority (PFA) as the governing board of the EIFD.
6. Fix a time and place for a public hearing for the PFA regarding the proposed EIFD.

Although the ROI is the first step in establishing the EIFD, the process for establishing the EIFD will stop if a Major League Soccer expansion franchise is not awarded to Sacramento or, in the event Sacramento is awarded a franchise, if an affiliated entity of the private investor group, as outlined in the Term Sheet, fails to begin construction of the stadium and infrastructure.

Boundaries: The proposed EIFD consists of a 31-acre area within the Railyards that is anticipated to include a new stadium and ancillary development. An official map of the proposed boundaries is included as Exhibit A to the ROI.

Public Facilities: The public facilities proposed to be financed through the EIFD are outlined in the Term Sheet and include roadway and sewer improvements, a new Regional Transit station, and a paseo. The improvements are of communitywide significance and provide significant benefit to the district and surrounding community. A list of the public improvements to be financed by the EIFD, along with a map showing their location, is provided in Exhibit B to the ROI.

Necessity of EIFD and Goal: The formation of the EIFD is necessary to finance the construction of public infrastructure that connects development in the Railyards to the rest of the City and that offers communitywide significance and benefits.

Use of Incremental Tax Revenue: The EIFD will use new incremental property tax revenue of the City that is directly derived from the stadium and other development within the proposed EIFD boundaries to finance the identified public infrastructure, either by direct funding or as security for bonds to be issued by PFA for the EIFD or both. The incremental property tax financing will be described in an

Infrastructure Financing Plan (IFP) to be prepared for the PFA and Council under the EIFD Law. Council will have the opportunity to review and approve the IFP and the proposed use of incremental property tax revenue prior to formation of the EIFD in the fall of this year.

Establishing a PFA: Section 53398.51.1(b) of the EIFD Law requires that the PFA be established at the same time Council adopts the ROI. The PFA will serve as the governing board of the EIFD and is to consist of three members of Council and two members of the public. The first action of the PFA will be to order the preparation of the IFP which, upon its completion, will be distributed to Council and other interested parties as identified in the EIFD Law. After the IFP is approved by Council, the PFA will conduct a public hearing on the formation of the EIFD and, upon conclusion, approve the IFP and officially establish the EIFD.

A summary of the key actions for establishing the EIFD, as well as estimated dates of completion, is provided in the Schedule of Proceedings (Attachment 2 to this report). As shown in the Schedule of Proceedings, staff plans to return on September 24 with the completed IFP for Council's review and approval. The PFA cannot establish the EIFD (currently scheduled for November 12th) without Council first approving the IFP.

Policy Considerations: Establishing the EIFD is a necessary step towards the successful development of the public infrastructure necessary for a new stadium. Proceedings for the establishment of the EIFD are begun through adoption of the attached ROI. Upon successful adoption of the ROI, notices will be posted to fill the vacant positions of the PFA and a copy of the ROI will be mailed to all landowners within the proposed EIFD boundaries pursuant to the EIFD Law.

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): The City certified a supplemental environmental impact report (SEIR) for the Railyards Specific Plan Update, KP Medical Center, MLS Stadium and Stormwater Outfall on November 10, 2016. (SCH No. 2006032058; Resolution No. 2016-0379). The SEIR evaluated the environmental effects of the Major League Soccer Stadium project and related public infrastructure. The physical changes that would be facilitated by the funding activities proposed have been evaluated in the SEIR. No further CEQA review is required.

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: Formation of the EIFD is consistent with the terms outlined in the

Term Sheet, and the actions described in the ROI are necessary to the formation process pursuant to the EIFD Law.

Financial Considerations: The EIFD's funding of infrastructure costs (whether directly on a pay-as-you-go basis or through a financing and the payment of related debt service) will be limited to new incremental property tax revenue that is directly derived from the stadium and other development within the proposed EIFD boundaries. The total amount funded will not exceed the actual inflation-adjusted cost of the infrastructure improvements (less any publicly funded infrastructure grants). The City has no additional financial obligation if the incremental property tax revenue generated is insufficient to cover the cost of the infrastructure improvements.

Local Business Enterprise (LBE): Not applicable.