

**ONTARIO CITY COUNCIL/  
ONTARIO HOUSING AUTHORITY  
SPECIAL MEETING  
MINUTES  
May 20, 2016**

**JOINT MEETINGS**

Special meetings of the Ontario City Council/Ontario Housing Authority were held on Friday, May 20, 2016 at the Ontario City Hall, 303 East B Street, Ontario, California.

**CALL TO ORDER – OPEN SESSION**

The Mayor called the City Council/Housing Authority meetings to order at 10:00 a.m., and requested the City Clerk call the roll.

Also present was City Manager/Executive Director Al C. Boling, and Assistant City Clerk/Secretary Vicki Kasad.

<b>PRESENT:</b> Mayor/Chairman	Paul S. Leon
Mayor pro Tem/Vice Chairman	Debra Dorst-Porada
Council/Authority Member:	Jim W. Bowman and Paul Vincent Avila

The Pledge of Allegiance was led by Council Member Wapner.

**PUBLIC COMMENTS**

None.

**ADMINISTRATIVE REPORTS/DISCUSSION/ACTION**

**Workshop on enhanced infrastructure financing districts (EIFDs)**

City Manager Boling provided a brief introduction of Kosmont Companies, a real estate, financial advisory and economic development services firm.

Larry Kosmont, President and CEO of Kosmont Companies, introduced Chris Jicha, Senior Consultant and provided a brief introduction of their experiences in Public/Private real estate transactions, economic development and public finance.

Mayor Leon asked Council Member Wapner to provide an update on discussions the League of California Cities is having regarding the restoration of Redevelopment or Replacement Funding Programs in the State.

Council Member Wapner stated that the League of California Cities has had discussions and legislation has been proposed regarding restoring something similar to Redevelopment; however, nothing has been approved by the Legislature.

Larry Kosmont, explained his collaboration with the League of California Cities and interactions with the Governor's Office regarding Redevelopment and added that the Governor's Office is not in favor of bringing back Redevelopment. Instead, a new form of Redevelopment tools have been created; a program of Economic Development that focuses on reducing the Carbon Footprint and Greenhouse Gas Emissions. The program brings development back to a similar place where Redevelopment once was.

Mayor Leon asked if there were other companies that have done similar types of research, and asked the City Manager how he chose to use Kosmont Companies to provide the presentation.

City Manager Boling stated that the City of Ontario and the former Ontario Redevelopment Agency have a prior working relationship with Kosmont Companies and the work previously performed for Ontario creates a confidence in the expertise they provide.

Larry Kosmont explained that in California, when Redevelopment was terminated by the State, there were no replacements for tax increment financing, but about two and a half years later, the State authorized new Districts (i.e., Enhanced Infrastructure Financial District (EIFD's), and Community Revitalization Investment Authority (CRIA's) which enable the use of tax increment for local and regional projects. The creation of the new Districts provides broad based powers that enable sustainability, infrastructure, and energy efficiency which lower the carbon footprint.

Mayor Leon clarified that the term TOD stands for

Larry Kosmont, indicated that Transportation Oriented Development (TOD's) can be funded by EIFD's; the goal of using EIFD's is to increase Transit Oriented Development which reduces Greenhouse Gas Emissions. He explained that, each District will have a District Financing Plan to be managed by a Public Facilities Authority led by the initiating City/County/Special District. A Resolution of Intent is the first action to establish an EIFD; and the strategic areas are not required to be contiguous. He added that the City can create partnerships with the County or other Special Districts that receive tax resulting in multiple agencies being a part of the Public Facilities Authority. He also added that such Tax Sharing Agreements can result in a higher level of tax increment to fund local projects.

Mayor Leon clarified that as long as the project is completed per the development standards provided, they will be able to receive the tax increments generated from that District.

Larry Kosmont, stated that the City Council may begin to receive tax increment once Districts are in place because the State has already imposed the development standards that are required. He also commented on the key components in developing EIFD's, and the steps the City Council would have to take to develop EIFD's. He detailed the diverse funding approach to EIFD's and the importance of establishing partnerships.

Councilmember Wapner asked Mr. Kosmont to talk about the Airport and how possessory interest tax plays a role.

Larry Kosmont, explained that public-ownership of the Airport forces the City to enter into long-term leaseholds. Long-term leaseholds get appraised and evaluated by the County Assessor to place them on a tax roll and contribute a tax payment from the value of the long-term leasehold including the improvements implemented. He added, tax increment in the area is determined by the full value of the leasehold as opposed to just the typical real property tax bill paid outside of Airport areas.

Council Member Wapner asked if the percentages for the possessory income tax are the same for real property taxes and if the value is proportionate in comparison to the City, County and Special Districts.

Larry Kosmont, stated it is one percent of the assessed value, the tax rate area applies to the division of the tax. He commented on the potential property tax capture rates and the importance of getting ahead of the crowd.

Councilmember Wapner stated that once Redevelopment dissolved, California became one of the only States without tax increment financing making it difficult to compete with other States. He added, with the development of EIFD's, the City of Ontario will be competitive with other cities and States for business. He requested to add Ontario's Downtown and Ontario Ranch when considering EIFD's. He asked if the City has the ability to take the tax increment gained from one project and use it for public use in other project areas, or will it have to stay within each District.

Larry Kosmont, stated tax increment may be used outside of the district so long as nexus findings can be made.

Mayor pro Tem Dorst-Porada commented on the need to include the City's Downtown in the development of EIFD's and she would like the boundaries of the Districts to be contiguous, if possible.

Mayor Leon asked if there was a limit to the number of Districts that are created.

Larry Kosmont stated that although there are no limits on the number of districts consideration must be based on logistics and a strategy for development projects to be financed.

Council Member Bowman expressed his support for establishment of EIFD's.

Mayor Leon, requested clarification of the makeup of the Finance Authority Board.

Larry Kosmont noted that the members of the Finance Authority Board typically consist of, 3 members of the City Council and 2 members from the public. Every taxing agency that contributes to the makeup of the District should be part of the public Finance Authority Board.

Mayor Leon expressed his support for the establishment of EIFD's.

Mayor pro Tem Dorst-Porada expressed her support for EIFD's.

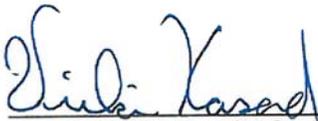
City Manager Boling requested City Council support engagement of Kosmont Companies for the purpose of detailed analysis of EIFD's benefits to the City of Ontario's future development projects as part of the Economic Development and Strategic Plan which would specifically include the Ontario Airport, Guasti, Piemonte, Ontario's Downtown, and Ontario Ranch (west side), and any other areas that might make financial sense to consider. He mentioned, after the analysis is complete, staff would bring back a recommendation for the establishment of one or more EIFD's.

**MOTION:** Moved by Mayor Leon seconded by Council Member Bowman and carried by unanimous vote, to approve staff's recommendation.

### ADJOURNMENT

Mayor Leon adjourned the meetings of the Joint Agencies at 11:14 a.m. He announced the next regular meetings on Tuesday, June 7, 2016.

Respectfully submitted,



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VICKI KASAD, MMC, ASSISTANT CITY CLERK/SECRETARY

APPROVED:



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PAUL S. LEON, MAYOR/CHAIRMAN