

# Civic Facilities Project Advisory Group

Meeting #4  
March 17, 2025



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# Agenda

- **Recap of last meetings & project status**
- **Financing**
  - *Where can we get the money?*
- **Funding**
  - *How do we pay it back?*
- **Next Steps Future Agenda Items**



# Recap & Status

1. Key Findings to date
  - We need to do something
  - Sites in play (or not)
  - Wide range of costs with-in other California projects, depending mostly on project specs
2. Economic Development as part of the project?



# Financing

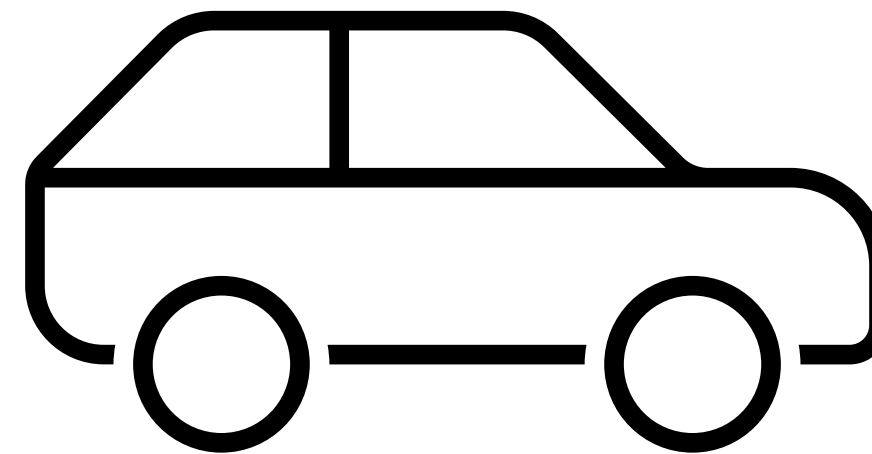
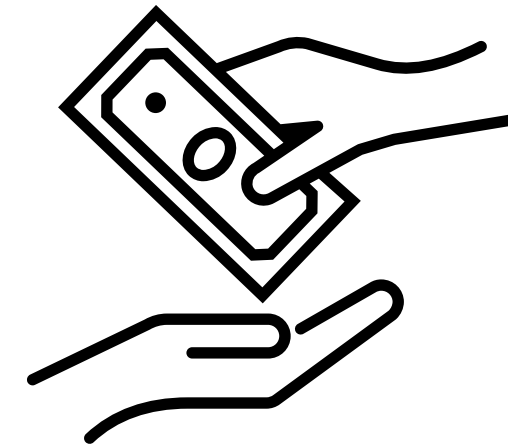
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# Types of Bonds

- **General Obligation Bonds**
  - Secured by General fund
  - Requires 2/3 vote for new debt
- **Lease Revenue Bonds and Certificates of Participation**
  - Secured by long-term municipal lease
  - Public agency must pay fair market rent
- **Enterprise Fund Bonds**
  - Bonds secured by separate revenue streams directly generated by the public facility
    - Sewer and water revenues
    - Toll road revenues
    - Airport revenues
    - Electricity revenues
    - Parking revenues



# Conduit Financing

- **Statewide Community Infrastructure Program (“SCIP”)**

- CSCDA establishes ADs for each separate participating project
- ADs fund public improvements
- CSCDA pools ADs together and sells large bond issues to achieve economies of scale. project bond issues



- **63-20 tax exempt issued by 501(3) Entity**

- City would enter lease-leaseback with special purpose non-profit entity (SPE).
- SPE issues tax exempt debt.
- SPE enters into development agreement with private developer for guaranteed maximum price of development.
- If government entity is a lessee of the facility, it makes lease payments sized to cover the debt service.
- Non-recourse from developer to government tenant.
- No voting requirement, however, procurement of a 63-20 developer would still be subject to City Board process.

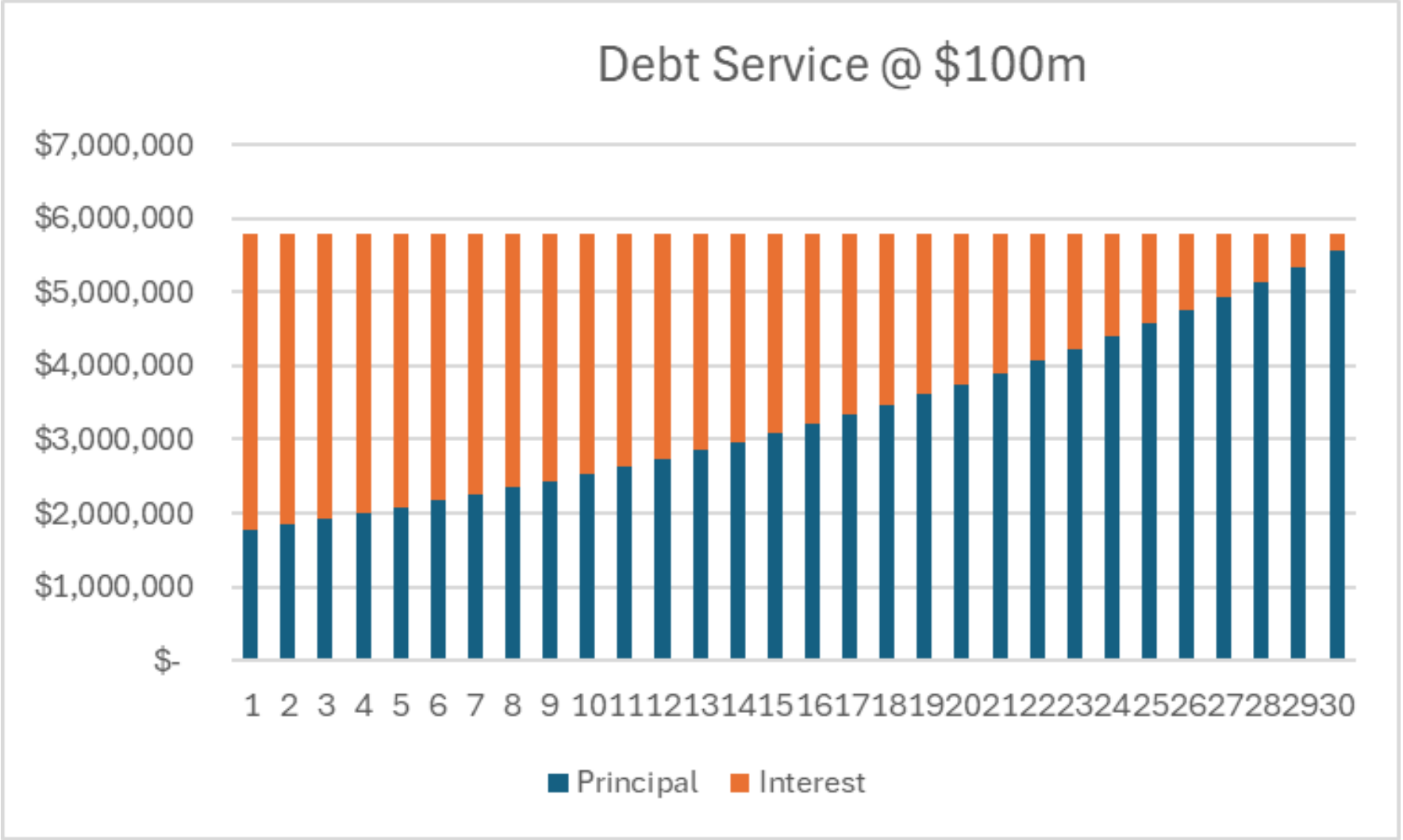


# Private Capital

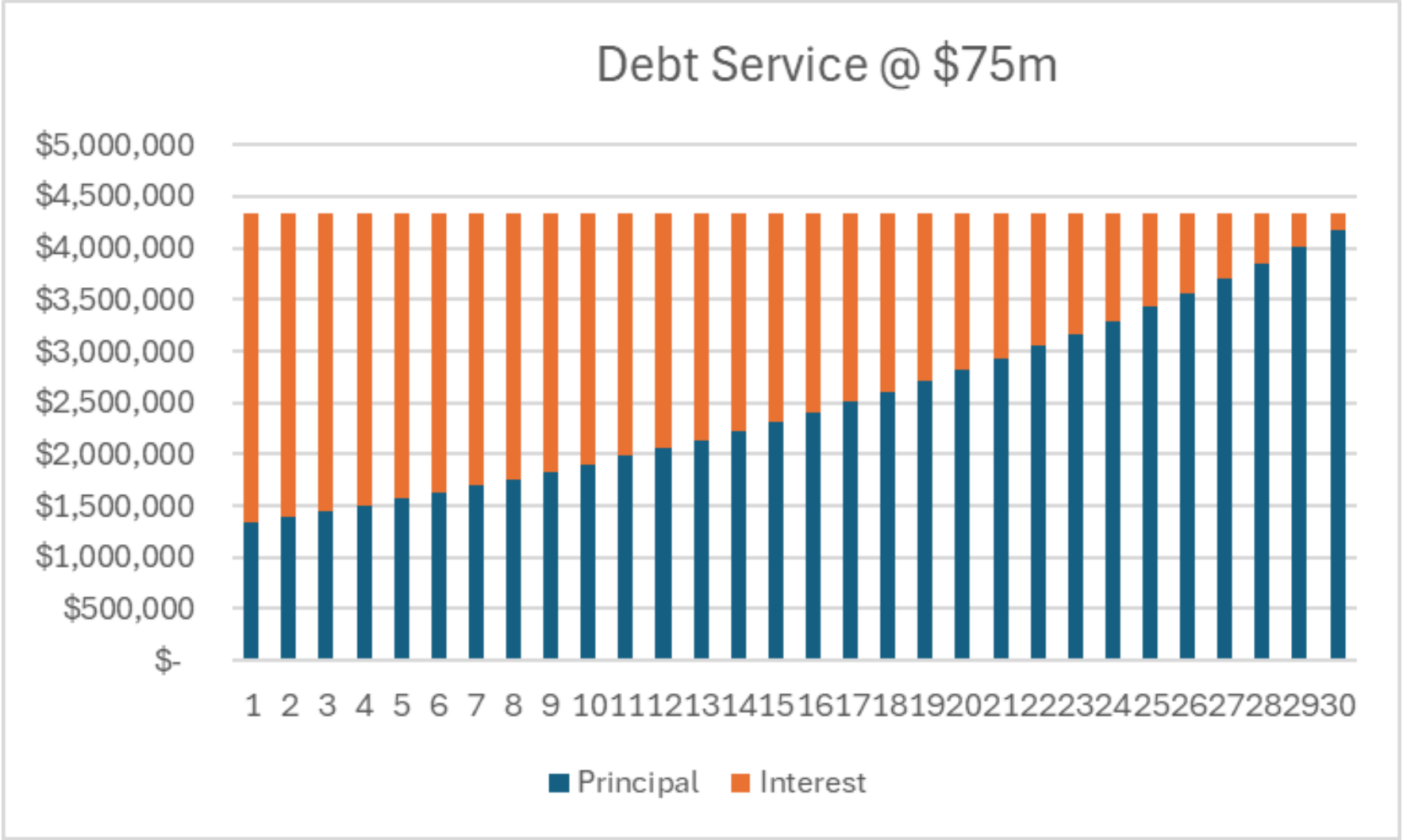
- **Credit Tenant Lease (“CTL”)**
  - City Leases land to developer
  - Developer completes building to city specifications
  - Financed with bank loans and private investor capital
  - City Leases back improvements
  - Can be NNN for FSG type lease
- **DBFOM**
  - City enters into a long term service contract
  - Developer completes building to city specifications
  - City makes annual payments subject to performance deductions
  - Used Private debt and Equity for financing



# Debt Service Needs



Total Need = \$5.8m/yr



Total Need = \$4.3m/yr



# Funding

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# One-time funds

<b>One time funds</b>	
City Yard CIP	\$ 1,889,278
Capital Facilities CIP	\$ 841,393
building maintenance funds	\$ 553,394
in-lieu parking fees to be collected	\$ 462,400
in-lieu parking fees	\$ 404,600
<b>Sub-total</b>	<b>\$ 4,151,065</b>
county funds in their library reserve account	\$ 6,311,229
Total	<b>\$ 10,462,294</b>



# Grant Opportunities

Option	Use of Funds	Difficulty to access	Cap on Proceeds	Timing
CRBG Grant	Varies – must benefit low-income persons	Competitive	n/a	Long Lead
179D	New Building engineering	Prescriptive	\$5/sf ~\$265K	After completion
Prop 4	Resiliency and Climate	Application	TBD – est \$5m - \$10m	At Construction
ITC	New Building Equipment	Part of IJA	30% of Building Systems Est ~ \$3.8m	After completion
Energy Financing	Finance Upgrades	SCE application	\$5 million	At Construction

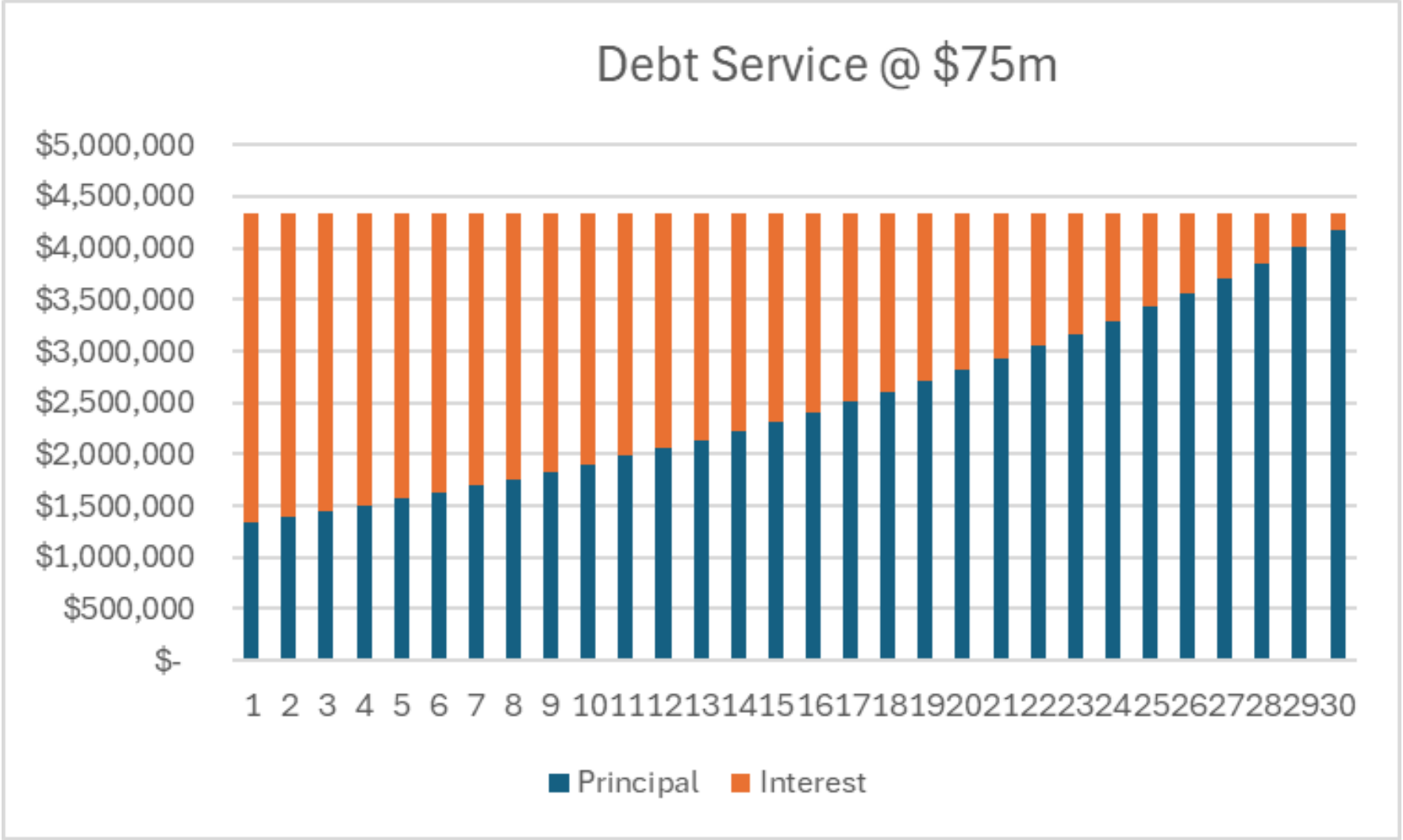
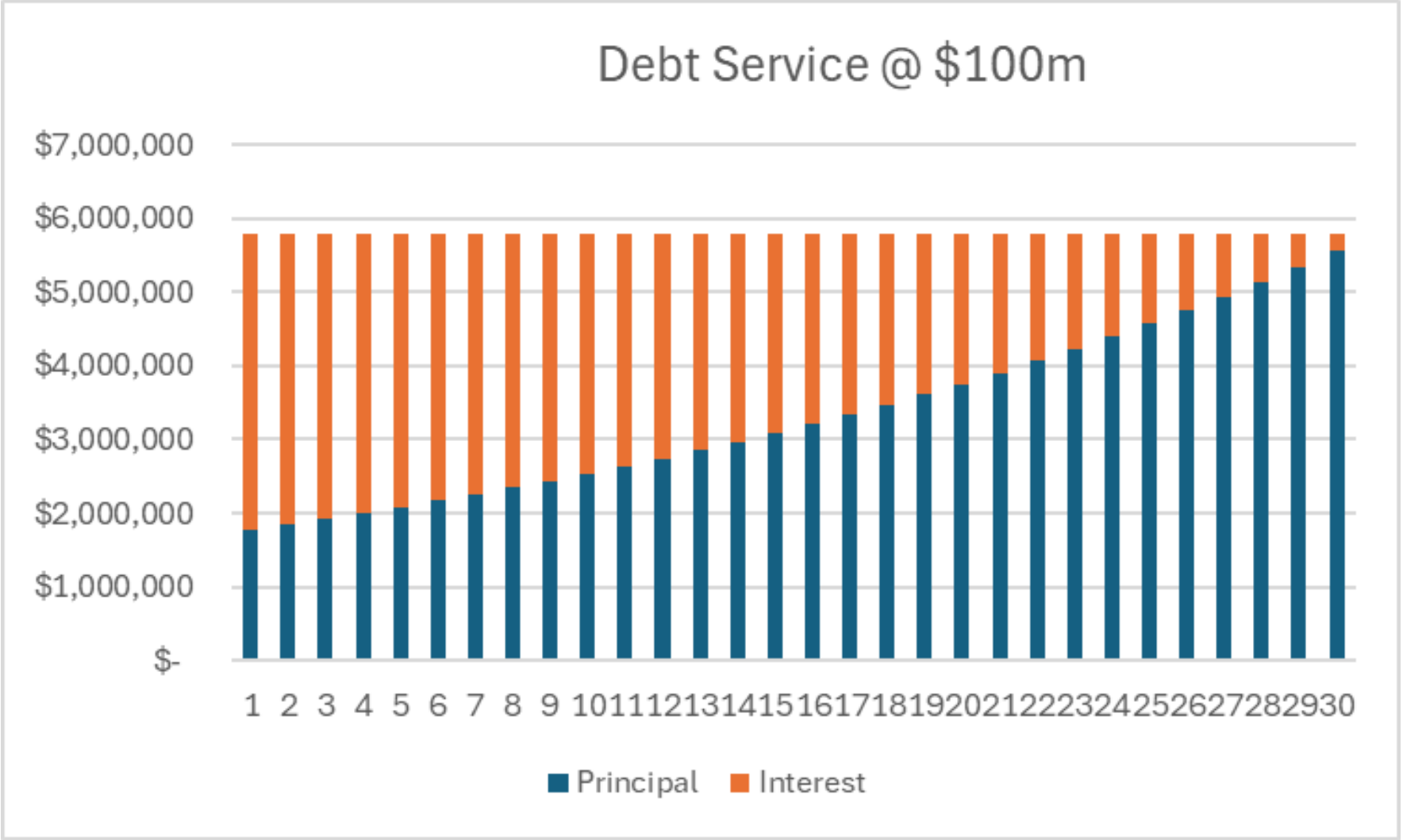


# Annual Cost Savings

	<b>Current</b>	<b>New Building</b>	<b>Savings</b>	<b>Renovation</b>	<b>Savings</b>
Building O&M	1,040,591	685,993	354,598	832,473	208,118
Average CIP	779,081	352,902	426,179	705,803	73,278
Add: Deferred Maintenance	704,027	0	704,027	0	704,027
	<b>2,523,699</b>	<b>1,038,895</b>	<b>1,484,804</b>	<b>1,538,276</b>	<b>985,423</b>



# Debt Service Needs



Total Need = \$5.8m/yr  
 Less Cost Savings = \$1.5/ yr  
**Break even = \$4.3m/yr**

Total Need = \$4.3m/yr  
 Less Cost Savings = \$1.5/ yr  
**Break even = \$2.8m/yr**

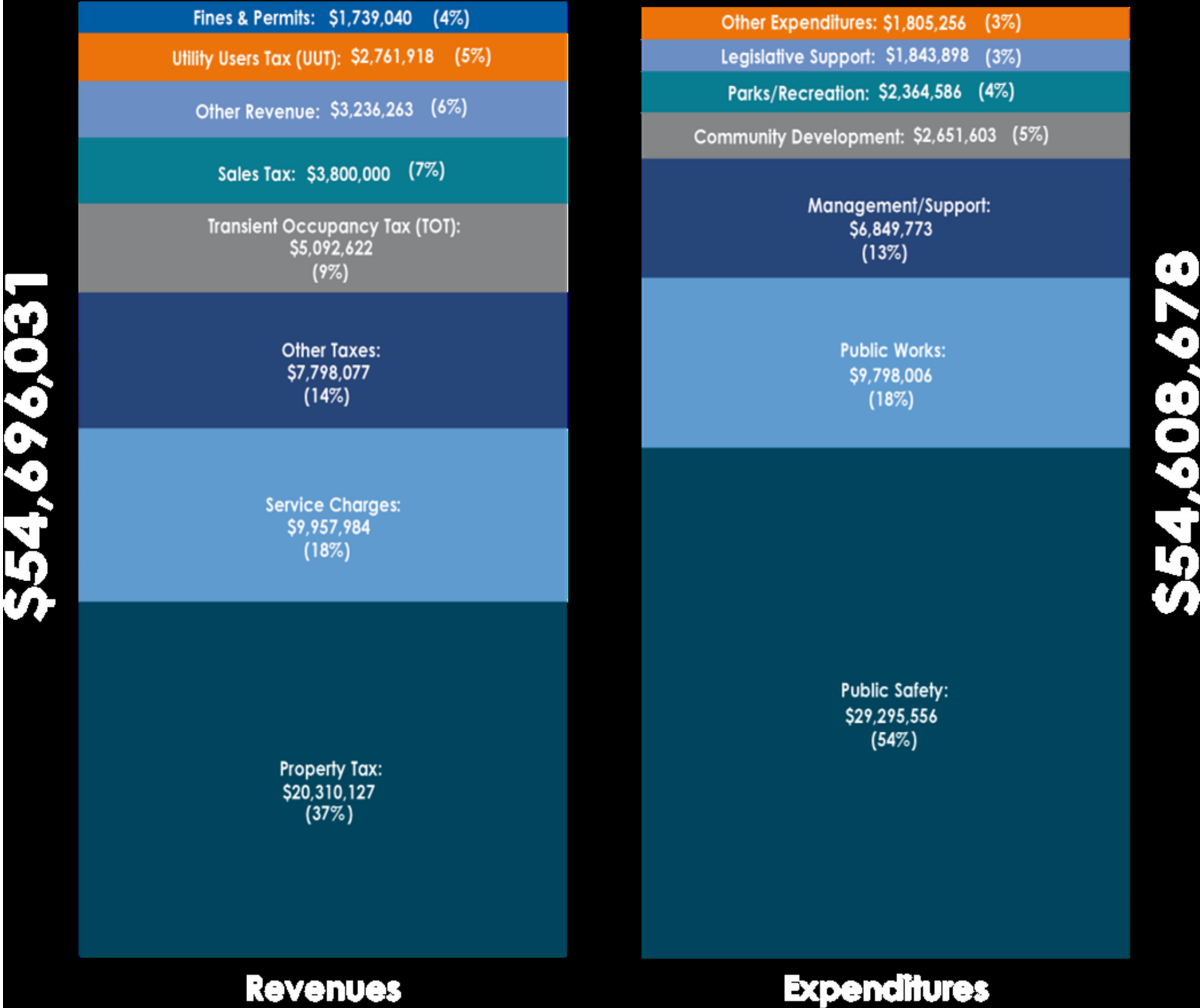
# City Budget

## Tax Revenue

- Property Tax
- Sales Tax
- TOT
- Service Charges
- Parking
- Facility Rents



## GENERAL FUND REVENUES & EXPENDITURES FY 2024-2025



# New Tax Potential

- **Property Taxes** - Proposition 13 requires two-thirds vote of registered voters in the jurisdiction to approve special taxes above the 1.0% *ad valorem* property tax rate to sell bonds backed by the General Fund
- **General Taxes** - only require majority vote of registered voters
  - Sales taxes
  - Transient occupancy taxes
  - Business license taxes
  - Event admissions taxes
  - Documentary and Property Transfer Tax
  - Utility users' tax



# Special Districts

## Assessment Districts

- **Business Improvement District (“BID”)**
- **Mello-Roos Community Facilities District (“CFD”)**
  - requires majority or two-thirds vote of qualified electors
  - Assessments must be based on the level of benefit received by parcels from financed facilities
  - Boundaries of the district can be drawn around specific parcels, can change over time through annexation, and can include non-contiguous areas.

## Value Capture Districts

- **Climate Resiliency District (“CRD”)**
- **Enhanced Infrastructure Financing District (“EIFD”)**
  - Tax increment from increased assessment base pledged to project
  - Other local agencies (county, school district, etc. ) can also to agree to give up portion of their 1% *ad valorem* property taxes to support the project.
  - Geographic boundaries are defined at adoption and may include areas which are not contiguous.



# City Owned Real Estate

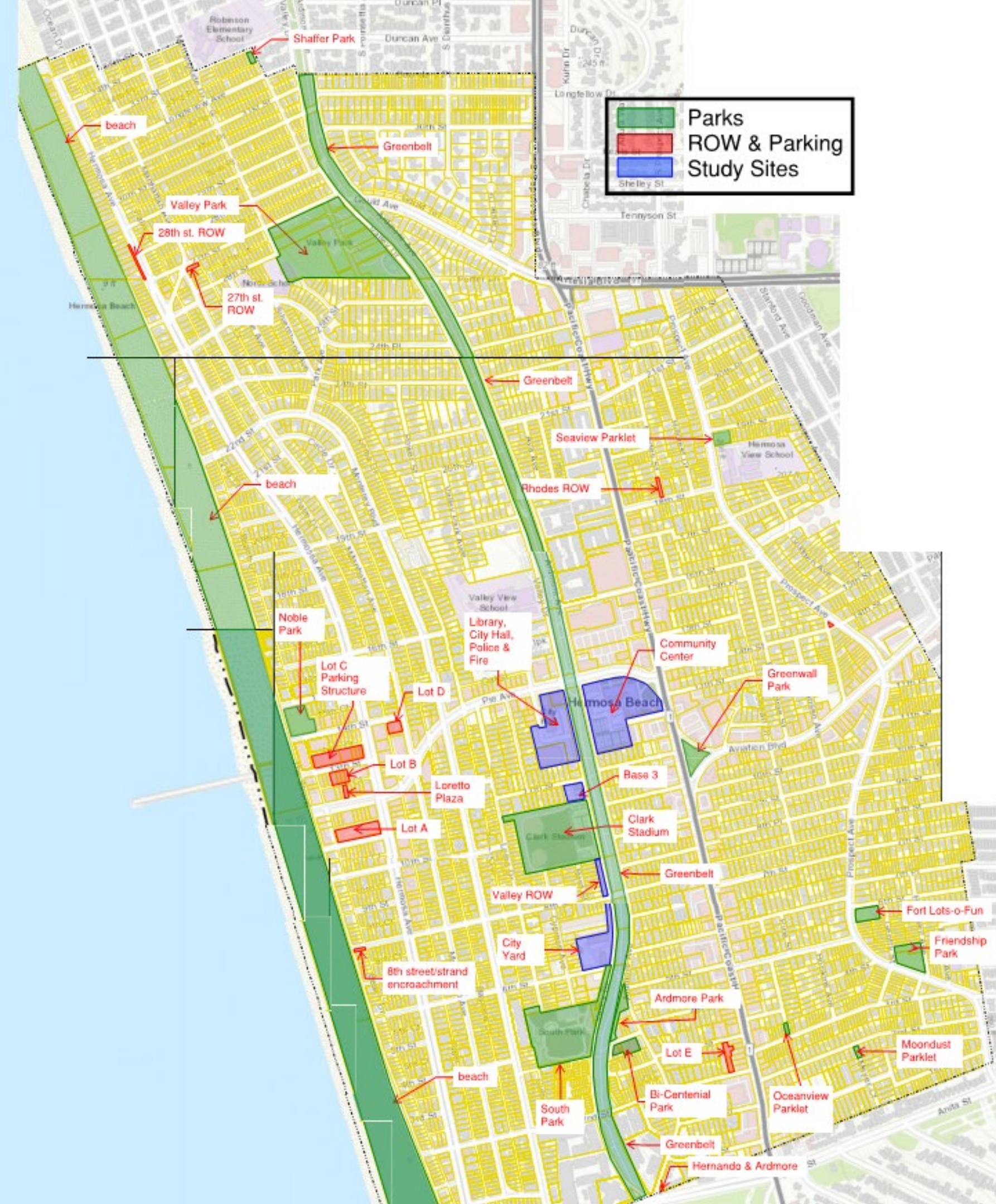
## Focus Sites

Lot D

Base 3

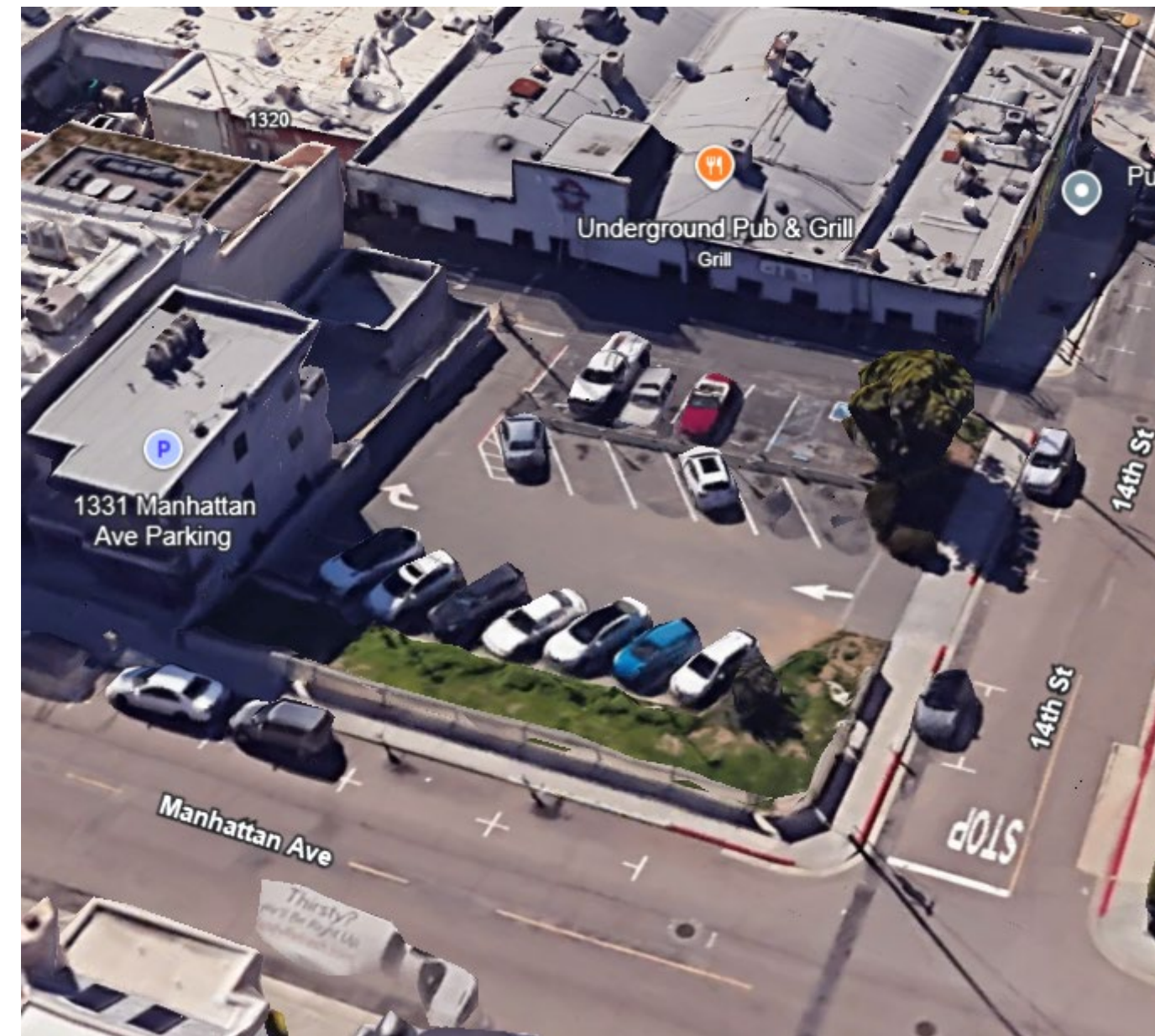
Self Storage

Lot A



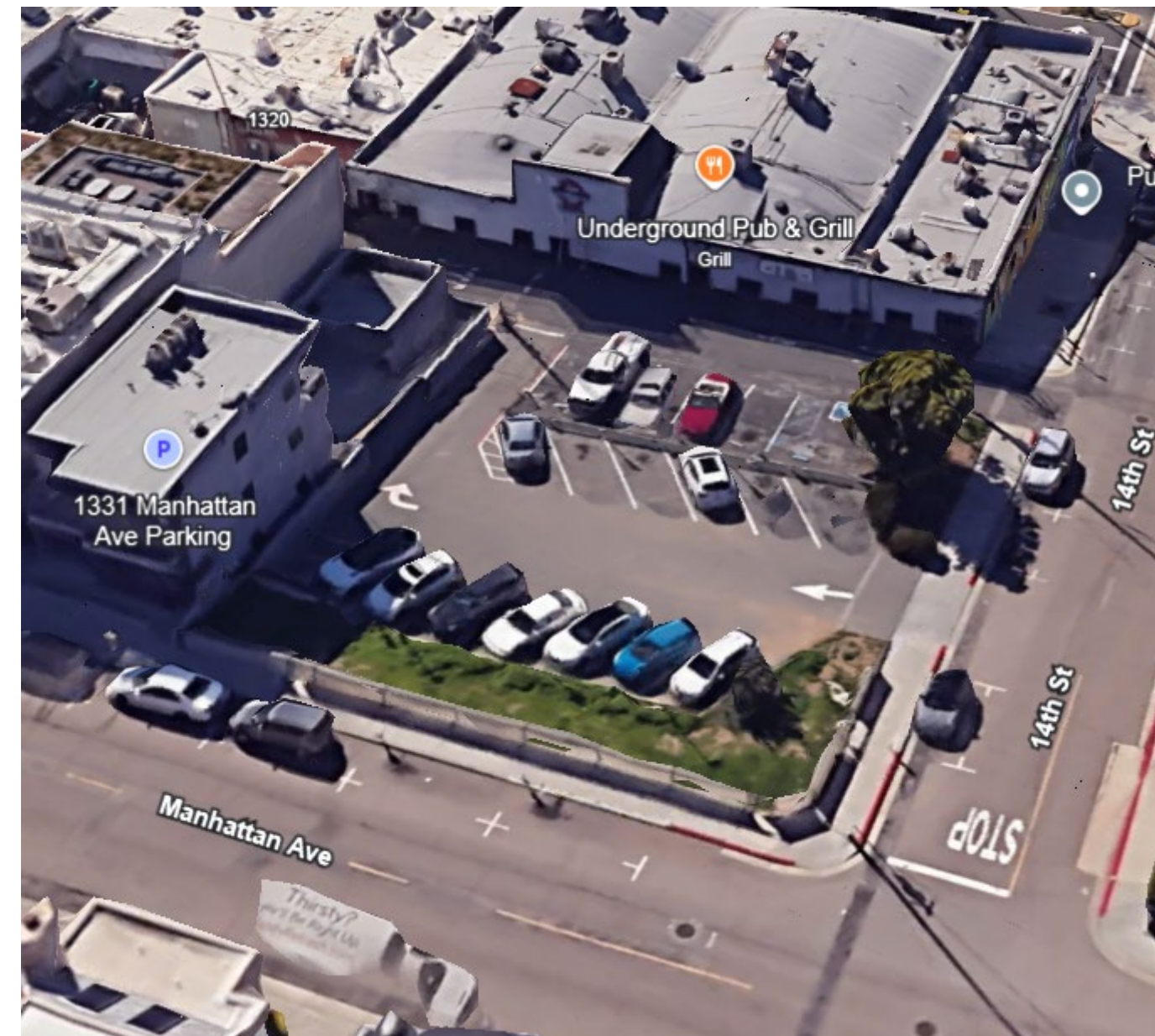
# Lot D - Residential

<b>Summary</b>	
Affordable Units	\$ 3
Monthly Rent	\$ 2,375.00
Market Units	\$ 9
Monthly Rent	\$ 4,275.00
Unit Size	950
Total Value	\$ 9,144,000
Costs	5,700,000
<b>Revenue to City</b>	
Land Lease	\$ 172,200
Ptty Tax	\$ 18,288
AD tax increment	\$ 73,152
	<b>\$ 263,640</b>
<i>Current income</i>	\$ 80,000



# Lot D - Office & Retail

<b>Summary</b>	
NRSF	8,000
\$/sf/Mo rent	\$ 6.00
Annual NOI	\$ 373,333
Project Value	\$ 7,466,667
Project Costs	6,350,000
<b>Revenue to City</b>	
Land Lease	\$ 55,833
Ptty Tax	\$ 14,933
Sales Tax	\$ 17,500
AD tax increment	\$ 59,733
	<b>\$ 148,000</b>
<i>Current income</i>	\$ 80,000



# Base 3 - Residential

<b>Summary</b>	
Affordable Units	6
Monthly Rent	\$ 2.50
Market Units	19
Monthly Rent	\$ 5.00
Unit Size	800
Total Value	\$ 16,242,188
Costs	\$ 13,500,000
<b>Revenue to City</b>	
Land Lease	\$ 137,109
Ptty Tax	\$ 32,484
AD tax increment	\$ 129,938
	<b>\$ 299,531</b>
<i>Current income</i>	\$ -



# Base 3

## Parking Model Option - Surface lot at Base 3

### Summary

	Per Space	Annual Total
# of Spaces		55
<b>Revenue</b>	<b>\$ 3,000</b>	<b>\$ 165,075</b>
Costs	\$ 12,522	\$ 689,000
Debt Service	\$ 815	\$ 44,820
<b>Net Income after debt</b>	<b>\$ 2,185</b>	<b>\$ 120,255</b>
<i>Current Income</i>		\$ -



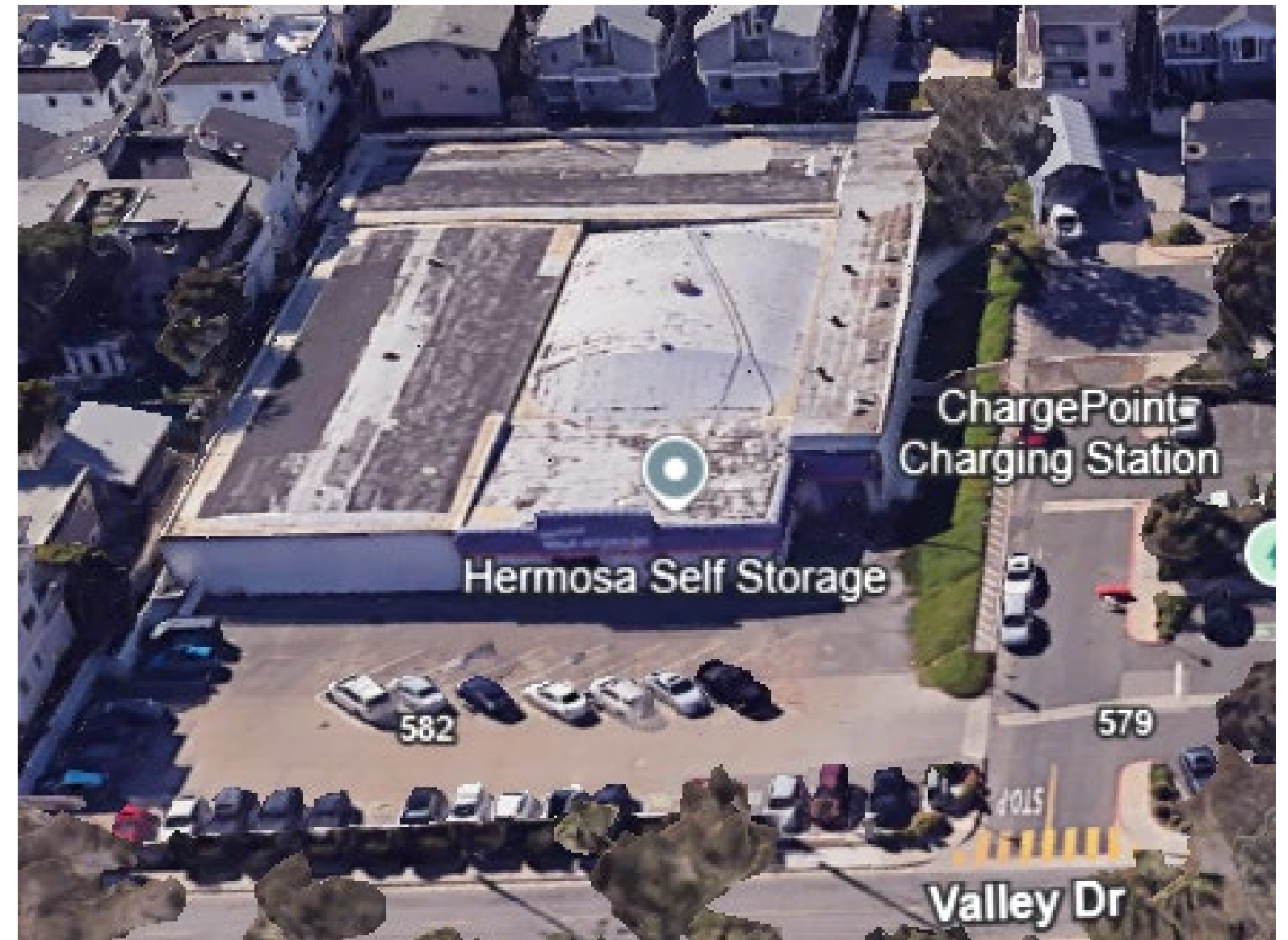
# Self Storage - Residential

<b>SUMMARY</b>	
Affordable Units	11
Monthly Rent	\$ 1,560
Market Units	34
Monthly Rent	\$ 3,900
Unit Size	800
Total Value	\$ 20,266,071
Costs	\$ 15,425,000
<b>Revenue to City</b>	
Land Lease	\$ 290,464
Ptty Tax	\$ 40,532
AD tax increment	\$ 162,129
	<b>\$ 493,125</b>
<i>Current income</i>	\$ 267,500



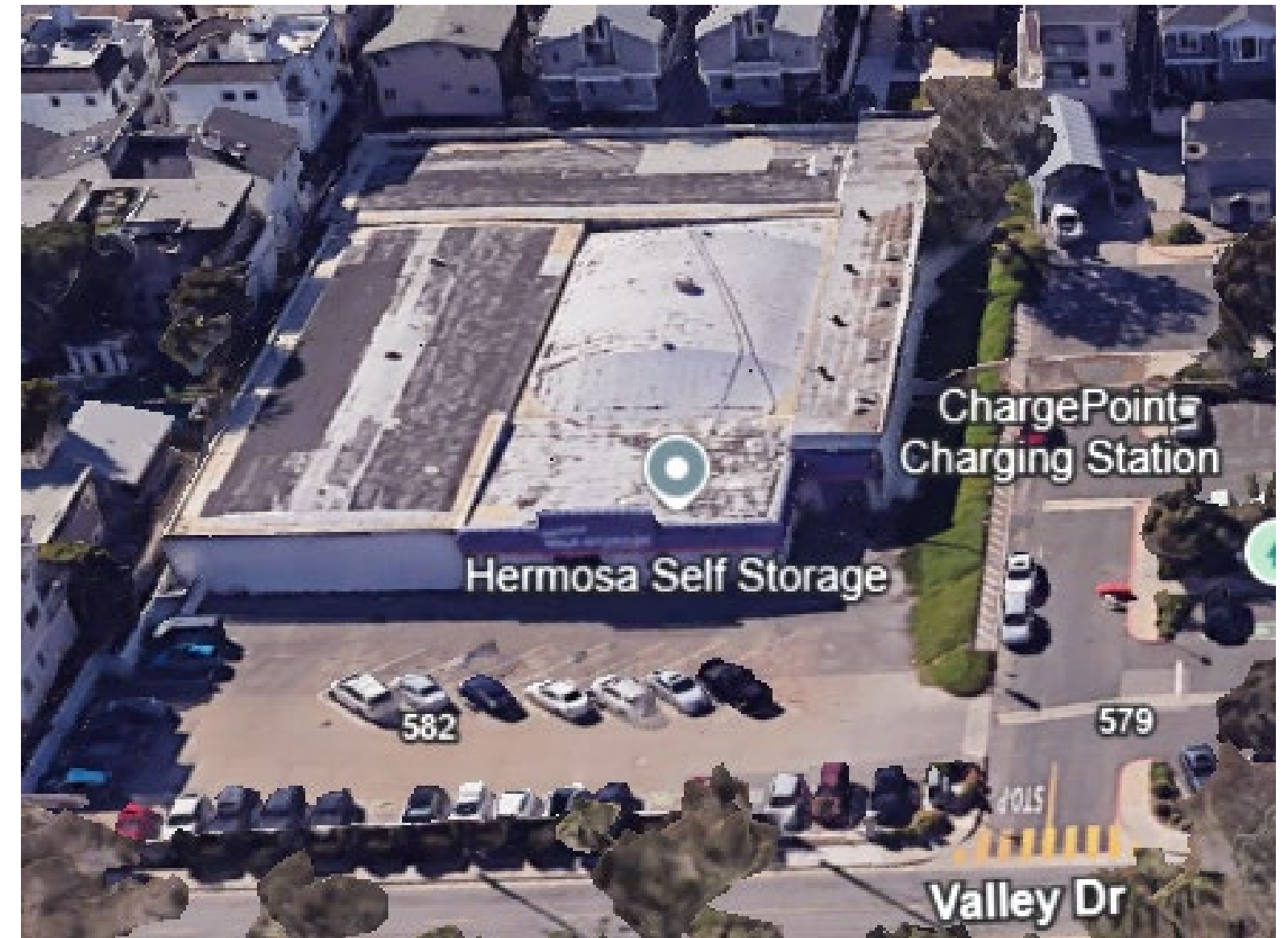
# Self Storage - Hotel

<b>Hotel Summary</b>			
Number of Rooms			60
ADR		\$	250
Occ			80%
Rev Par		\$	73,000
TOTAL Revenue		\$	4,555,200
NOI		\$	2,987,160
Value		\$	42,673,714
Dev costs		\$	29,810,934
<b>Revenue to City</b>			
Est Ground Rent Annual		\$	771,767
PPTY Tax		\$	85,347
Assessment District		\$	341,390
Sales Tax		\$	-
Bed Tax		\$	613,200
<b>TOTAL Revenue</b>		<b>\$</b>	<b>1,811,704</b>
<i>Current revenue</i>		\$	276,000



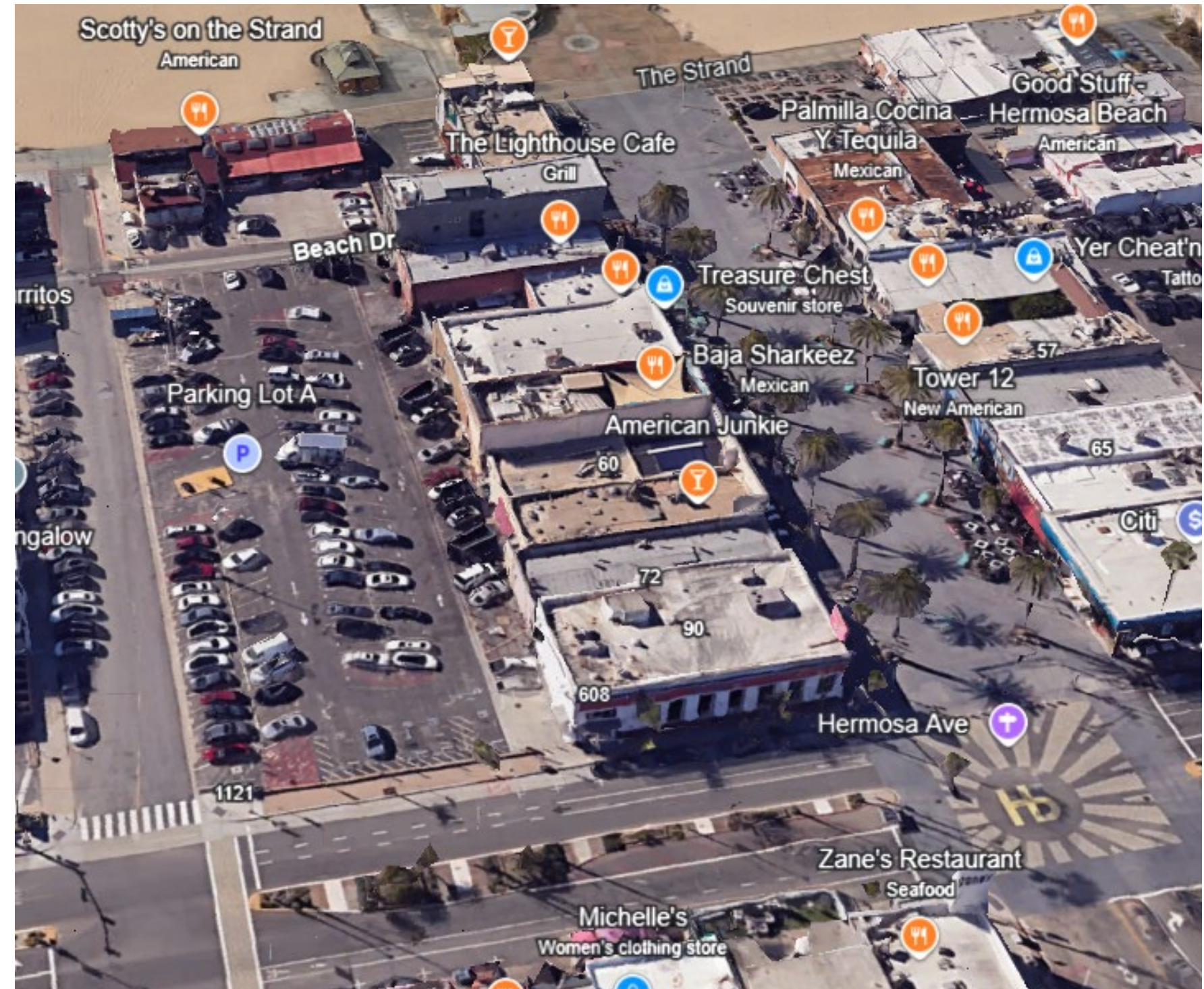
# Self Storage - Parking

<b>Parking Model Option - Surface lot at Self Storage</b>		
<b>Summary</b>		
	<b>Per Space</b>	<b>Total</b>
# of Spaces full time		102
# of Spaces part time		69
<b>Annual Revenue</b>	\$ 2,748	\$ <b>409,500</b>
Costs	\$ 16,141	\$ 2,001,500
Annual Debt Service	\$ 807	\$ 100,121
<b>Annual Income after debt</b>	\$ <b>2,495</b>	\$ <b>309,379</b>
<i>Current Income</i>		\$ 267,500

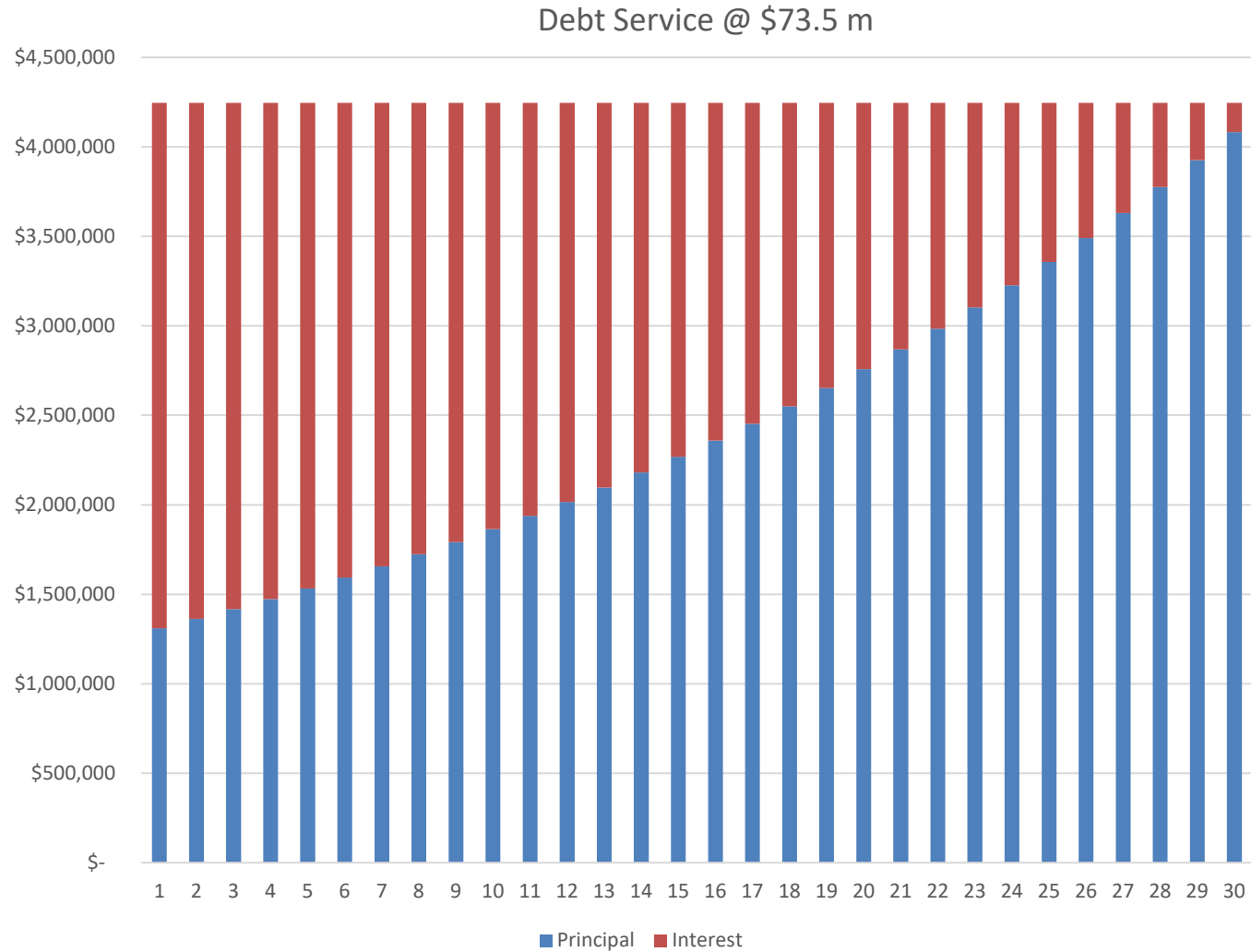


# Lot A - Hotel

Hotel Summary	
Number of Rooms	65
ADR	\$450
Occ	80%
Rev Par	\$131,400
TOTAL Revenue	\$ 10,239,187
NOI	\$ 3,770,400
Value	\$ 62,839,992
Dev costs	\$ 50,595,000
Revenue to City	
Est Ground Rent Annual	\$ 734,700
PPTY Tax	\$ 125,680
Assessment District	\$ 502,720
Sales Tax	\$ 58,100
Bed Tax	\$ 1,195,740
<b>TOTAL Revenue</b>	<b>\$ 2,616,939</b>
<i>Parking Revenue</i>	<i>\$ 800,000</i>
<b>TOTAL Revenue</b>	<b>\$ 3,416,939</b>



# RECAP



Project = \$100m  
 – \$26.5m on time funds = \$73.5m  
 Total Need = \$4.2m/yr



<u>Site &amp; Use</u>	<u>Annual</u>
Lot D - resi	\$ 183,640
Base 3 - Parking	\$ 120,255
Self Storage - Resi	\$ 225,625
Lot A - Hotel	\$3,416,939
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	\$3,946,459
Cost Savings	\$1,484,804
<b>TOTAL</b>	<b>\$5,431,263</b>
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Need	\$4,246,753
<b>Excess</b>	<b>\$1,184,510</b>

# Next Steps

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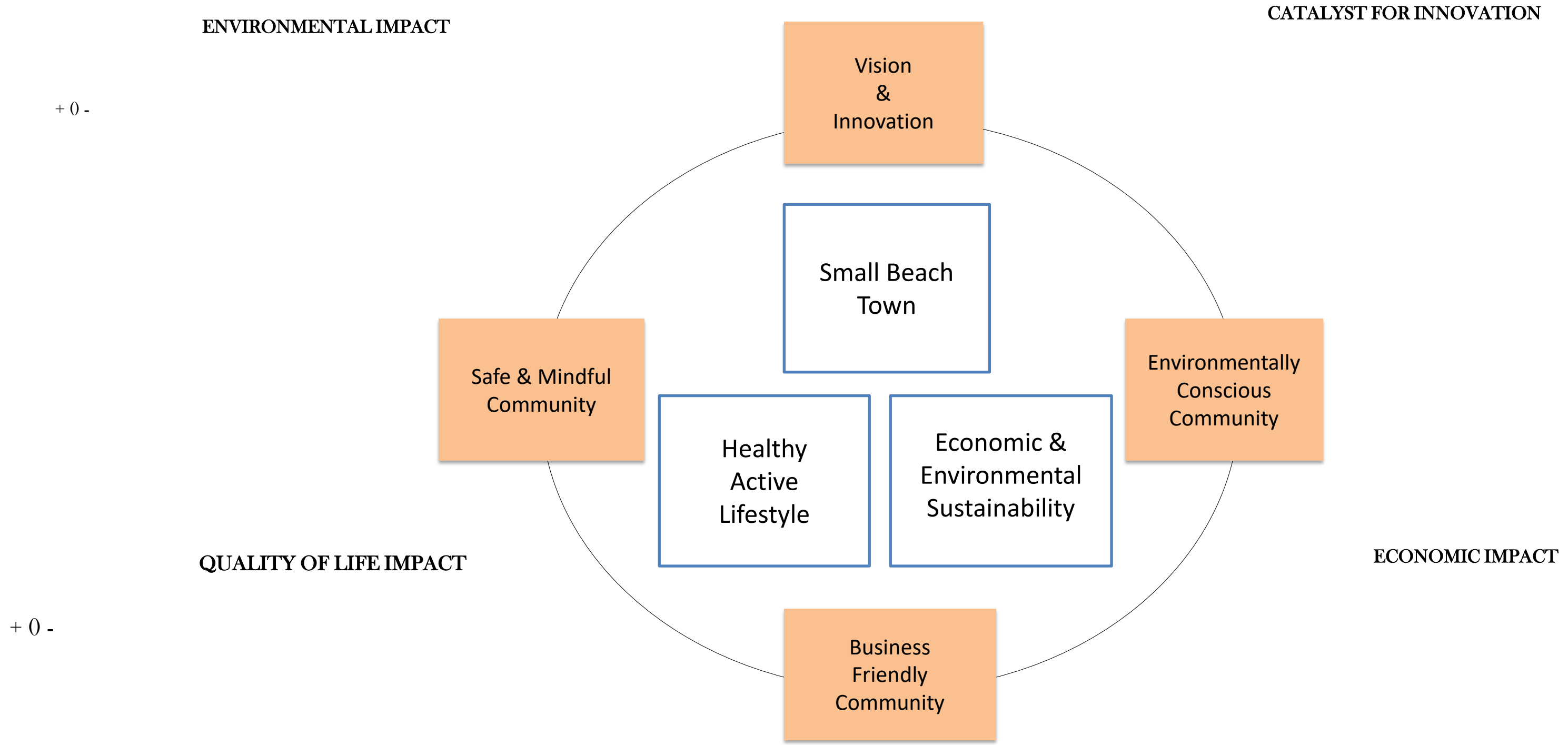
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# Civic Facilities Project : DECISION-MAKING TOOL

This decision-making tool is designed to:



# Future Meetings

Meeting Dates	Tentative Future Topic(s)
April 7 or 14th	<b>Project Alternatives:</b> <ul style="list-style-type: none"><li>Review some project scenarios and gather feedback.</li></ul>
May 5, 2025	<b>Public Awareness:</b> <ul style="list-style-type: none"><li>Review alternatives to socialize</li><li>Review go forward outreach plan</li></ul>

