



# CITY OF INGLEWOOD

## OFFICE OF THE CITY MANAGER



**DATE:** July 26, 2022

**TO:** Mayor and Council Members

**FROM:** Finance Department

**SUBJECT:** Resolution - Community Facilities District Financing for Stadium Area Public Improvements

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### RECOMMENDATION:

It is recommended that the Mayor and Council Members adopt a resolution acknowledging possible Community Facilities District financing for Stadium Area Public Improvements.

### BACKGROUND:

The City of Inglewood is a party to an Amended and Restated Development Agreement, with an effective date of March 31, 2015 ("Development Agreement"), between the City and the Landowners identified therein (collectively, the "Landowners") relating to the development of the property identified therein (the "Property") with sports and entertainment facilities as described therein.

Section 15.2 of the Development Agreement provides for the possible formation of a Community Facilities District ("CFD"), under the provisions of the California Government Code for the purpose of financing certain Public Improvements and Exactions, and development impact fees (as described in the Development Agreement), as well as to pay, in certain circumstances, fire services costs and park maintenance costs described in the Development Agreement.

The construction of most of the Public Improvements has been completed; however, the completed Public Improvements have not yet been conveyed to the City or other public agency expected to ultimately own and operate some of the Public Improvements. It is expected that some or all of the completed Public Improvements will be so conveyed to the City and other public agencies before proceedings to form a CFD are initiated.

The City Council now desires to confirm its intent to allow for CFD financing of Public Improvements that are conveyed to the City and other public agencies prior to the formation of a CFD, subject to and in conformance with the requirements of the Development Agreement.

DR-2.

**Resolution - CFD Financing for Stadium Area Public Improvements**

**July 26, 2022**

**DISCUSSION:**

CFDs are special tax districts created through the Mello-Roos Community Facilities Act of 1982. CFDs are created to obtain additional public funding and financing for various services and infrastructural improvements in California by imposing special taxes on property.

CFDs are flexible in the type of improvements or services that can be paid for. These fees are used most commonly for streets, water, sewer/drainage, electricity infrastructure, schools, parks and police. The rates and method of apportionment (RMA) and types of improvements or services to be authorized must be designated. CFDs have been based on land or property square footage or number of bedrooms; distinct areas and land uses may also be taxed differently. The only standard for the special tax is that it be reasonable and that it not be ad valorem (i.e., it cannot be based on property value).

CFDs require a two-thirds vote of property owners, so long as there are no more than 12 registered voters living within the proposed district. More than 12 registered voters living in the district requires a two-thirds vote of registered voters. The vote would then be by acreage, with each landowner having one vote per acre or portion of an acre in the CFD.

A concern has been expressed that in the event that stadium area public improvements are conveyed to the City or other public agencies prior to the formation of a CFD, after such conveyance, they may no longer be eligible for financing by a Community Facilities District.

The attached resolution sets forth the City's acknowledgement that such conveyances will not preclude the use of CFD financing for the Public Improvements, subject to and in accordance with the provisions of the Development Agreement, should the Landowners later request that the City undertake the formation of a CFD.

**FINANCIAL/FUNDING ISSUES AND SOURCES:**

In the event a CFD is formed, the Landowners have agreed, in Section 15.2 of the Development Agreement, to reimburse the City for any expenditure by it with respect to the formation of a CFD. Once formed, the obligations of the CFD are payable from special taxes levied on property located in the CFD, including costs related to the financing by the CFD of public improvements.

**DESCRIPTION OF ANY ATTACHMENTS:**

Attachment No. 1 – Resolution

Attachment No. 2 – Sections 15.2 and 15.2.1 of the Development Agreement

**PREPARED BY:**

Sharon Koike, Assistant Finance Director

**COUNCIL PRESENTER:**

Sharon Koike, Assistant Finance Director



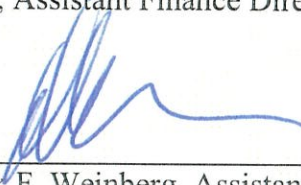
## APPROVAL VERIFICATION SHEET

DEPARTMENT HEAD APPROVAL:

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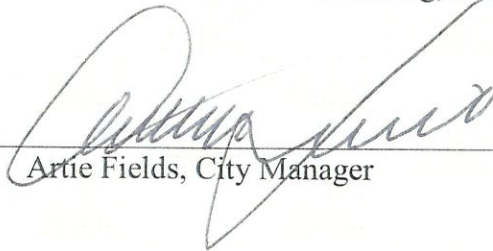
Sharon Koike, Assistant Finance Director

ASSISTANT CITY MANAGER APPROVAL:

A blue ink signature, appearing to be 'Mark F. Weinberg', written over a horizontal line.

Mark F. Weinberg, Assistant City Manager

CITY MANAGER APPROVAL:

A black ink signature, appearing to be 'Artie Fields', written over a horizontal line.

Artie Fields, City Manager

ATTACHMENT NO. 1

1 RESOLUTION NO. \_\_\_\_\_

2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INGLEWOOD,  
3 CALIFORNIA, ACKNOWLEDGING POSSIBLE COMMUNITY FACILITIES  
4 DISTRICT FINANCING FOR STADIUM AREA PUBLIC IMPROVEMENTS  
5

6 WHEREAS, the City of Inglewood (the "City") is a party to an Amended and Restated  
7 Development Agreement, with an effective date of March 31, 2015 (the "Development  
8 Agreement"), between the City and the Landowners identified therein relating to the  
9 development of the property identified therein (the "Property") with sports and entertainment  
10 facilities as described therein; and

11 WHEREAS, Section 15.2 and following of the Development Agreement provides for the  
12 possible formation of a Community Facilities District (a "CFD") under the provisions of the  
13 California Government Code for the purpose of financing certain Public Improvements and  
14 Exactions, and development impact fees (as described in the Development Agreement), and  
15 development impact fees, as well as to pay in certain circumstances fire services costs and park  
16 maintenance costs described in the Development Agreement; and

17 WHEREAS, the construction of most of the Public Improvements has been completed but  
18 the completed Public Improvements have not yet been conveyed to the City or other public  
19 agency expected to ultimately own and operate some of the Public Improvements, and it is  
20 expected that some or all of the completed Public Improvements will be so conveyed to the City  
21 and other public agencies before proceedings to form a CFD are initiated; and

22 WHEREAS, the City Council now desires to confirm its intent to allow for CFD financing  
23 of Public Improvements that are conveyed to the City and other public agencies prior to the  
24 formation of a CFD, subject to and in conformance with the requirements of the Development  
25 Agreement.

26 NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INGLEWOOD DOES  
27 RESOLVE AS FOLLOWS:

28 SECTION 1. The City Council hereby acknowledges that the CFD financing described in

1 Section 15.2 and following of the Development Agreement may be used to finance Public  
2 Improvements in the manner and subject to the provisions of the Development Agreement  
3 notwithstanding that the Public Improvements may have been conveyed to the City or other  
4 public agencies prior to the formation of a CFD. It is expected that the City and the applicable  
5 entity or entities that constructed the Public Improvements to be financed by a CFD, or an  
6 assignee or assignees of such entity or entities, will enter into an acquisition agreement setting  
7 forth the requirements for the use of CFD bond and special tax proceeds to pay the costs of the  
8 Public Improvements to be so financed that will include specific terms and conditions related to  
9 the use of CFD funds for the payment of costs of such Public Improvements consistent with the  
10 terms of the Development Agreement

11 **SECTION 2.** This Resolution shall in no way alter or amend the provisions of the  
12 Development Agreement, and is being adopted to confirm the intent of the City to allow for CFD  
13 financing of Public Improvement by a CFD that is formed after the conveyance of Public  
14 Improvement to the City or other public agencies, otherwise consistent with the provisions of the  
15 Development Agreement.

16 **SECTION 3.** The City Clerk shall certify as to the adoption of this Resolution and the same  
17 shall be in full force and effect immediately upon adoption.

18 **PASSED, APPROVED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2022.

19 **CITY OF INGLEWOOD**

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21  
22 James T. Butts, Jr.,  
Mayor

23 **ATTEST:**

24  
25  
26 Aisha L. Thompson,  
City Clerk

27  
28 09002.07:j18404

## ATTACHMENT NO. 2



### **15.2 Community Facilities District for Public Improvements and Maintenance.**

Landowner agrees to cooperate in the formation of a Community Facilities District pursuant to Government Code Section 53311 et seq. (the "Community Facilities District" or "CFD") to be formed by the City and in accordance with the CFD Parameters as shown on Exhibit E. At the request of Landowner, City will (a) initiate proceedings for the formation of a Community Facilities District for the purposes of financing certain of the Public Improvements (the "CFD Facilities") and the Exactions that are required to be provided or paid, as the case may be, by the Landowner in order to pay for all or any portion of the costs of any real or other tangible property or service (subject to Sections 15.2.1 and 15.2.2) that is eligible by law or regulations to be financed by a community facilities district, whether such requirement is imposed pursuant to the provisions hereof or as conditions precedent to the development of the Property by entities including the following: the Inglewood Unified School District, Los Angeles County Public Works, Los Angeles County Sanitation District, West Basin Municipal Water District and investor owned utility companies including Southern California Gas Company, Southern California Edison, AT&T and Time Warner (collectively, the "Other Agencies") and the expenses incidental thereto; and (b) cooperate with the Landowner in forming the CFD and authorizing the levy of appropriate special taxes in accordance with this Section 15. In connection therewith, the City will meet and confer in good faith with Landowner concerning the selection of bond counsel, underwriter, appraisal and other advisers and consultants to be retained by the City, and City will use its best efforts to enter into such agreements with the Other Agencies as may be necessary to permit the CFD to finance the respective CFD Facilities to be owned and operated by them, the development fees and the fire service costs. Notwithstanding the foregoing, nothing contained in this Section 15 shall require City to expend any of its own funds in forming the CFD and other responsibilities with respect to the CFD unless the Landowner has agreed to reimburse the City for its expenditures. The boundaries of the area of Community Facilities District shall be contiguous with the boundaries of the Property. Landowner agrees not to protest said district formation and agrees to vote in favor of levying a special tax on the Property so long as such special tax is consistent with the provisions of this Agreement and so long as the total tax obligation, including all property taxes, special assessments and community facilities districts, is not expected to exceed 1.85% of the assessed value (the "Special Tax Cap"), except as provided in Section 15.2.1 for parks maintenance and 15.2.2 for fire service costs. Landowner further agrees not to protest and to vote in favor of a 2% percent annual increase in the portion of the special tax being used to finance the CFD Facilities and parks maintenance costs.

The Community Facilities District tax shall remain in effect until any bonds issued on behalf of the Community Facilities District have been paid; provided, however, that the Community Facilities District may remain in effect in perpetuity for purposes of paying fire service costs and parks maintenance only, in accordance with Section 15.2.1 and Section 15.2.2 as applicable. A vote by Landowner against the levying of the special tax otherwise complying with this Agreement, or a vote to repeal or amend the special tax inconsistent with this Agreement, shall constitute a Default under this Agreement. The CFD, the rate and method of apportionment of special tax and the bonds to be issued by or on behalf of the CFD shall be in accordance with the "CFD Parameters" set forth on Exhibit E, attach hereto.

**15.2.1 Use of Community Facilities District.** Landowner and City agree that the Community Facilities District may be used to pay for Public Improvements as shown in Exhibit C, Exactions and development impact fee as noted above, as well as to reimburse Landowner for associated costs advanced by Landowner. The use of Community Facilities District funding for fire service costs and maintenance of parks shall also be authorized as part of the formation

of the Community Facilities District, *provided, however*, Community Facilities District funding shall only be used for maintenance of the parks that are available for use by the public if the City determines through the Annual Review Process and in accordance with this Section 15.2.1 that the home owner's association, due to a lack of resources, is unable to generate dues necessary to meet the park maintenance and security standards as specified in the attached Exhibit F. In such an event, the Community Facilities District may also be used for annual maintenance costs for the parks that are available for use by the public and that are identified in the Specific Plan and developed on the Property, in which case the home owner's associations dues shall be reduced by the amount attributable to the park maintenance costs, and the Community Facilities District special tax may be increased by a commensurate amount for the sole purpose of park maintenance, with the Special Tax Cap being increased from 1.85% to 1.96% of the assessed value. In the event the Community Facilities District assumes the maintenance responsibility for the parks available to the public, the Parties intend that the Community Facilities District shall, to the extent permitted by law, contract with a private vendor to provide the maintenance services.

**15.2.2 Fire Service Cost as Part of Community Facilities District.** Landowner acknowledges that projected fire service costs for the Project may exceed the amount estimated in the Fiscal Impact Assessment and that such fire service is beneficial to and necessary for the Project. At the time of formation of the CFD, Landowner shall also include in the CFD and vote in favor of a CFD which includes the maximum fire services costs as set forth in this paragraph. In the event that as of January 1, 2025 certificates of occupancy have been issued for at least 1,500 residential units within the Project and that the cost to the City of fire service (either as provided by the City or through contract) exceeds \$1,455,000 per year, the CFD shall include an obligation that each residential unit be obligated to pay a maximum amount of \$92.00 per year for fire service costs. This \$92.00 amount shall be payable each year from 2025 through 2029. In the event that as of January 1, 2030 certificates of occupancy have been issued for at least 2,000 residential units within the Project and that the cost to the City of fire service (either as provided by the City or through contract) exceeds \$1,687,000 per year, the CFD shall include an obligation that each residential unit be obligated to pay a maximum of \$192 per year for fire service costs. This \$192 amount shall be payable each year from 2030 through 2033. In the event that as of January 1, 2033 certificates of occupancy have been issued for at least 2,500 residential units within the Project and that the cost to the City of fire service (either as provided by the City or through contract) exceeds \$1,898,000 per year, the CFD shall include an obligation that each residential unit be obligated to pay a maximum of \$303 per year for fire service costs. This \$303 amount shall be payable beginning 2034 and continuing each year thereafter as long as residential units exist on the Property. The actual amount allocated to each residential unit shall be calculated based on the cost of service in year 2024 for the amount payable between 2025 and 2029, in year 2029 for the amount payable between 2030 and 2033, and in year 2033 for the amount payable beginning in 2034.

**16. Public Benefits to be provided by Landowner**

**16.1 Parks/Open Space.** Landowner shall provide parkland and open space through dedication of a perpetual public easement or for the Hybrid Retail Center appropriate covenants, all as set forth in the Phasing Plan, and improvements to the parklands and within the Hybrid Retail Center as set forth in this Agreement and the Specific Plan. Landowner shall at its sole cost and expense construct all parkland and open space improvements included in the Specific Plan including any dedicated parking for the parks. Landowner shall provide bonds or other forms of security as set forth in the Phasing Plan which is shown as Exhibit J. As a condition to recording each final map that contains a designated park or open space easement, Landowner