

RESOLUTION 2026-###

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO (1) APPROVING A FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH KOSMONT FINANCIAL SERVICES FOR IMPLEMENTATION OF PHASE II CONTRACT SERVICES FOR ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD) FORMATION AND DEVELOPMENT; AND (2) REVISE ONE-TIME FUNDING APPROPRIATIONS TO \$79,500 FROM FY 2025-26 GFDR FUND 110 OPERATING RESERVE TO FUND #100-1310-43600 OPERATING BUDGET - PROFESSIONAL SERVICES (PREVIOUSLY ADOPTED ON JANUARY 26, 2026 VIA RESOLUTION 2026-009)

WHEREAS, the City Council recognizes the findings of the Long-Range Financial Forecast presented in December 2023 regarding the City's fiscal condition and continued use of one-time operating reserves, depleting said revenues for budget balancing, unless significant measures and new revenue sources are identified for the City's GF Operating Budget fiscal and revenue capacity;

WHEREAS, annual Casino revenue funds nearly 65% of the City's General Fund Operating Budget annually; and since FY 2022-23, the City has been experiencing a decline of annual Casino revenue to the City to fund and sustain City programs and services culminating in total revenue decline/loss of (\$2.4M) from FY 2022-23 through FY 2024-25 periods;

WHEREAS, a total of eight (8) Strategic Budget Initiatives were adopted by the City Council for implementation on December 13, 2023, via Resolution 2023-067, with Strategic Budget Initiative #3 and #8 being continuously implemented by the City Manager to include:

- #3). Identify New GF Revenue Sources; and
- #8). Explore additional fiscal measures using forecast model to reverse forecasted structural deficits as recommended by the City Manager.

WHEREAS, a new economic development tool, Enhanced Infrastructure Financing Plan (EIFD), would be consistent with current policy objectives in the adopted FY 2025-27 Council Priority Workplan (effective April 7, 2025) including, but not limited to, the following:

- Policy #301.3: *Promote housing production to meet RHNA requirements (2023-2031)*
- Policy #309: *Support implementation of certified Housing Element update and Housing Action Plan*
- Policy #400: *Diversify revenue stream using new emerging technologies*
- Policy #402: *Find creative ways of attracting new business and economic investment*

- Policy #403: *Create a long-term, sustainable economic sustainability plan for mitigating economic impacts from competing native gaming casino projects (i.e. Vallejo casino)*
- Policy #405: *Explore and sustain new revenue enhancements to the City's General Fund*

WHEREAS, under Chapter 2.99 of Part 1 of Division 2 of Title 5 of the State of California Government Code (starting with Section 53398.50), the City can establish an Enhanced Infrastructure Financing District (EIFD). This mechanism contained in State law allows for the development of an Infrastructure Financing Plan (IFP) to fund capital improvements and enhance infrastructure throughout the City. Furthermore, an EIFD is a governmental entity, legally separate and distinct from the City, and is governed by a Public Financing Authority (PFA) for the purpose of funding public capital facilities and infrastructure, as well as other specified projects that are incorporated within a proposed Infrastructure Financial Plan (IFP);

WHEREAS, many cities and counties in California are exploring the feasibility of EIFDs to generate new revenue sources for primarily two (2) reasons to include the following:

1. Return on Investment: Private sector investment induced by district commitment accelerates growth of net fiscal revenues, job creation, housing production, essential infrastructure improvements; and
2. Ability to attract additional funds / other public money ("OPM") – tax increment from other entities (county, special districts), federal / state grants / loans (e.g., for transit-oriented development, water, housing, parks, remediation).

WHEREAS, the formal policy implementation of a future EIFD will enable the City of San Pablo to leverage tax increment funds for the purpose of construction of capital improvements in the following project categories including, but not limited to, the following:

- a) Affordable Housing;
- b) A.I. supportive technology / Expanded fiber investment;
- c) City Facilities;
- d) Lighting and Landscaping (Supplant GF Subsidy to LLAD); and
- e) Road and Bridge Improvements.

WHEREAS, in October 2025, the City Manager solicited the financial professional services from Kosmont Financial (Kosmont), a reputable financial services consultant firm who has extensive experience in the formal establishment of EIFDs for local cities and counties throughout California;

WHEREAS, the City Manager, under his current budget authority, retained Kosmont to conduct a Phase I - Feasibility Analysis on EIFD development and formation for the City of San Pablo;

WHEREAS, Phase I - Feasibility Analysis has been completed as of December 2025, with initial findings presented to the Economic Development, Housing and Project Management (EDHPM) Standing Committee(Cruz; Ponce) on December 10, 2025; and

WHEREAS, following formal presentation from Kosmont to the City Council on January 26, 2026, the City Council authorized the following:

- (1) Added Policy Amendment No. #417, under Major Policy Goal: Focus on Economic Development and Fiscal Diversification, to: *Explore feasibility and implementation of an Enhanced Infrastructure Financing District (EIFD) as an economic development tool to capture value from potential new development across the City to fund critical infrastructure and community investment priorities* to be formally added to the FY 2025-27 Council Priority Workplan;
- (2) Authorized the City Manager to proceed with Phase II – Implementation and formation and ongoing development of the EIFD for the San Pablo community and adopted Resolution No. #2026-009 (See Attachment);
- (3) Authorized a total appropriation of \$79,000 to fund Phase II – Implementation Services for the EIFD development under the same adopted Resolution using FY 2025-26 GFDR Fund 110 funds allocated to the City Manager Departmental Budget under professional services fund #100-1310-43600 (See Attachment); and
- (4) Recommend future City Council consideration of a non-binding Resolution of Intention and/or explore discussion with Contra Costa County regarding potential partnership.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of San Pablo hereby authorizes the following

(1) First Amendment No. 1 for Phase II – Implementation Services

Following initial City Council action on January 26, 2026, the City Manager recommends the City Council authorize a first amendment to the Kosmont Financial Services Agreement (Kosmont). Originally signed in October 2025 for Phase I – Feasibility Analysis, this proposed amendment no. 1 will enable City staff to contractually proceed with Phase II – Implementation Services.

(2) Revised GFDR Fund 110 Fund Appropriation – Corrected Error

On January 26, 2026, the City Council initially allocated \$79,000 for Phase II contract services via Resolution 2026-009. The total appropriation previously approved needs to be corrected to \$79,500 due to a typo error. Additionally, the proposed Amended Agreement with Kosmont requires formal authorization by the

City Council as it exceeds the City Manager's Budget Authority for professional services contract authorization per the City's Purchasing Regulations, and San Pablo Municipal Code requirements.

BE IT FURTHER RESOLVED that the foregoing recitations are true and correct and are included herein by reference as findings.

ADOPTED this 2nd of March 2026, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

ATTEST:

APPROVED:

Dorothy Gantt, City Clerk

Elizabeth Pabon-Alvarado, Mayor