



Agenda Item

City Council

Item #: 10.1.

11/14/2023

File #: 23-0667

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Trang Nguyen, Finance Director

1. SUBJECT

Report from the Finance Director of the Industrial Development Authority of the City of Orange.

2. SUMMARY

The Bylaws of the Industrial Development Authority require that a report of the Authority's activities for the prior fiscal year be presented to the Board of Directors by December of each year.

3. RECOMMENDED ACTION

Receive and file.

4. FISCAL IMPACT

None.

5. STRATEGIC PLAN GOALS

Goal 2: Be a fiscally healthy community

e: Create an environment to attract, retain, and expand economic opportunities.

6. DISCUSSION AND BACKGROUND

The California Industrial Development Financing Advisory Commission (CIDFAC) administers the State's Industrial Development Bond Financing Program and approves issuance of Industrial Development Bonds (IDB). IDBs provide manufacturing and processing companies low-cost, low-interest financing for capital expenditures. Eligible capital expenditures include the acquisition of land, building construction, building renovation and the purchase of machinery and equipment. CIDFAC is a state agency within the California State Treasurer's Office.

The Industrial Development Authority (IDA) of the City of Orange was established in 1997 to provide an alternate method of financing for Control Air Conditioning (Control Air) to relocate its manufacturing facility into Orange. The IDA was the issuer for tax-exempt industrial development bonds in the amount of \$5 million on behalf of Control Air in May 1997. The IDA only acted as a conduit for issuance of the bonds. It was the sole responsibility of Control Air to repay the bondholders.

In 2004, Control Air needed to expand its operation but was unable to find a suitable expansion location in Orange. In November 2004, Control Air relocated its manufacturing facility to Anaheim and subsequently sold its property in Orange. Control Air was required to repay the bonds in full. In

December 2004, the bonds were repaid.

In 2023, there were no outstanding bonds issued by the IDA. Staff recommends the continuation of the IDA as it is a unique economic development tool that offers industrial and manufacturing businesses an alternative source of financing for land acquisition, construction, and rehabilitation in Orange, through the State's Industrial Development Bond Financing Program.

Agency staff continues to promote the IDA program and benefits through the City's Economic Development website, outreach to the brokerage community specializing in industrial and manufacturing tenants, and ongoing communication with local manufacturing businesses in Orange.

7. ATTACHMENTS

- None