



SUMMARY REPORT

Agenda Date: 6/3/2025

To: Sonoma County Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: M. Christina Rivera, County Executive/Christel Querijero, Deputy County Administrator, (707) 565-2431

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Santa Rosa Enhanced Infrastructure Financing District (EIFD) Infrastructure Financing Plan and City of Sebastopol/County EIFD and West County EIFD Feasibility Update

Recommended Action:

- A. Adopt a resolution approving the City of Santa Rosa Enhanced Infrastructure Financing District (Downtown Business Corridor) Infrastructure Financing Plan and the allocation of a portion of the County incremental tax revenue to the Santa Rosa Downtown Enhanced Infrastructure Financing District.
- B. Authorize the County Executive Officer to certify that the County shall not participate in an Enhanced Infrastructure Financing District until certain information has been certified to the Department of Finance, in accordance with California Government Code Section 53398.54.
- C. Receive an update on potential City of Sebastopol/County of Sonoma and West County Enhanced Infrastructure Financing District feasibility analysis.

Executive Summary:

An EIFD is a type of special purpose financing district that utilizes a portion of incremental property tax revenues from new development and property value growth in a specifically defined area to finance public capital facilities or other specified projects of communitywide significance (e.g., infrastructure, public amenities).

Since September 2023, the County and City of Santa Rosa have explored the opportunity to establish a Santa Rosa EIFD through representation on the proposed EIFD's Public Financing Authority (PFA), the legislative body of the EIFD. Supervisor Coursey, Supervisor Rabbitt, and the County's public member appointee, Caroline Judy, represent the County on the PFA. Carmen Gonzales is the PFA member appointed by both the City and County PFA.

The Board of Supervisors has had several Santa Rosa EIFD discussions and received information from both County and City staff and the County's EIFD Consultant about project categories and financing before providing input on elements of the Draft Santa Rosa EIFD Infrastructure Financing Plan (Draft IFP), the governing document of the EIFD. The Draft IFP includes information such as the projects to be funded and the tax increment allocated by each entity participating in the EIFD (Participants). The Draft IFP was introduced at

a public meeting of the PFA on April 2, 2025, and the first of two public hearings was held by the PFA on May 8 and 15, 2025. The second and final public hearing is currently scheduled for June 16, 2025.

The City has incorporated comments from the Board of Supervisors, City Council, County staff, and PFA members into the Final Infrastructure Financing Plan (Final IFP) that is attached to this item. This item seeks Board adoption of a resolution approving the Final IFP and the County’s allocation of County tax increment to the EIFD. If the County resolution is adopted and the Final IFP is adopted by the PFA, the County will allocate to the EIFD 25% of the County’s *ad valorem* tax increment revenue and net available revenue within the boundaries of the EIFD, up to \$100 million maximum over the life of the EIFD, beginning Fiscal Year 2024-2025 for a term of 45 years.

The Final IFP must be approved by each Participant’s governing body prior to the PFA’s second public hearing. At the second public hearing, and if no majority protest exists, the PFA can adopt a resolution to approve the Final IFP and establish the EIFD. If the resolution is not adopted by the Board, the County will not be a Participant in the EIFD, but the City could decide to proceed with the EIFD on its own.

This item also seeks Board authorization for the County Executive Officer to certify that the County shall not participate in an EIFD until certain information has been certified to the Department of Finance, in accordance with California Government Code Section 53398.54.

Finally, the item provides an update by the EIFD consultant under contract with the City of Sebastopol on the feasibility and preliminary fiscal impacts of forming both the City of Sebastopol/County of Sonoma and West County Enhanced Infrastructure Financing Districts.

Discussion:
Background

Senate Bill 628 (2014) authorized the formation of Enhanced Infrastructure Financing Districts (EIFDs). EIFD legislation is codified in California Government Code section 53398.50, et. seq. (EIFD Law). EIFDs were created as a replacement for the former Redevelopment Agencies that were disbanded in 2012 due to state budget challenges. An EIFD is a type of special tax increment financing (TIF) district that uses a portion of property tax increment (growth) revenues generated by the established 1% of assessed property value tax rate under Section 1 of Article XIII A of the California Constitution (Prop 13). The EIFD model relies on tax revenue increments generated by growth from within the boundaries of a proposed area, excluding from educational agencies. EIFDs do not impose new taxes or raise tax rates.

Santa Rosa EIFD

Since July 2023, the Board has discussed the Santa Rosa EIFD. Meeting dates and Board decisions, with links to prior Board item materials, are included in the table below.

Date	Board Discussion and Actions
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<p>July 18, 2023 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6286187&GUID=1CD93D94-5D4F-4E30-AA12-2CB5A6559F24>Board appointed Supervisor Coursey and Supervisor Rabbitt to the Santa Rosa EIFD Public Financing Authority (PFA)</p>	
<p>February 27, 2024 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6519237&GUID=F6DE4134-415E-4B92-9199-FB5216051296>Board approved County EIFD Policy</p>	
<p>April 30, 2024 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6646039&GUID=3E5ADBBC-9AA6-4DB2-9BC7-A57CAF88D896>Board received City of Santa Rosa staff and consultant EIFD presentation on potential infrastructure projects that could be funded by the EIFD</p>	

Board">August 20, 2024 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6829948&GUID=864750C3-847A-443A-85A2-9CBC2BCD7805&Options=&Search=>Board received an assessment of the City's Draft County Fiscal Impact Analysis of the proposed Santa Rosa EIFD and approved a 25% contribution of tax increment to the Santa Rosa EIFD	
Board">April 22, 2025 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7303036&GUID=913FF8ED-831C-44E8-921C-7BA3CF8517A4>Board reviewed the Santa Rosa EIFD Draft Infrastructure Finance Plan and provided direction to staff on modifications to the Draft IFP to share with the Santa Rosa EIFD PFA	

Based on the Board's feedback on April 22, 2025, the City and its consultant, DTA, revised the Draft IFP. The County's EIFD consultant, Kosmont Companies, County Counsel and County Administrator's Office staff reviewed the revised Draft IFP and submitted comments and requested changes to City of Santa Rosa staff.

Public Hearings on Infrastructure Financing Plan

Prior to the PFA considering adoption of the IFP, EIFD law requires that the Draft IFP be made available to the public and each landowner within the boundaries of the EIFD. The draft IFP must then be introduced at a public meeting, and two subsequent public hearings are held by the PFA to: (1) consider written and oral

comments on the IFP and take action to modify or reject the IFP, and (2) to adopt the resolution approving the IFP, and only if no majority protest exists. Between the first and second public hearing, the legislative body of each entity allocating tax increment must approve the IFP.

Public Meeting to Introduce the IFP

The Santa Rosa EIFD Public Financing Authority (PFA) held the public meeting to introduce the IFP on April 2, 2025. City staff presented the Draft IFP and responded to PFA member questions.

First Public Financing Authority Public Hearing

The PFA met on May 8, 2025, for the first required public hearing to consider any written or oral comments and take action to reject or modify the Draft IFP. Public comments the City received included:

- General questions regarding tax impacts (2 by phone, 1 during the April 2, 2025 PFA meeting, and 4 via email);
- 1 request to modify the EIFD boundaries during the April 2, 2025 PFA meeting; and
- Additional items associated with a single written request submitted by the Santa Rosa Downtown Action Organization (DAO). DAO's request, which addressed the percentage of funds to be allocated to placemaking and affordable housing, and project location, is attached to this item for reference. (Attachment A)

The public hearing was continued to May 15, 2025 to allow more time for the PFA members to review the Draft IFP. Most of the discussion was focused on the project categories and associated percentages. PFA members requested modifications to the Draft IFP and directed City staff to incorporate changes into the Final Infrastructure Financing Plan. (Attachment B) Below is summary of changes included in the Final IFP, with page references.

1. Language was added to explicitly mention that planning and design costs are eligible expenses that can be funded by an EIFD. (Introduction, p. 1)
2. Regarding eligible projects, the catalyst project category (Section II, Table 2, p. 5) now combines Performing Arts/Sports Entertainment Center with Placemaking, for a combined 80% of total funding capacity. 20% of total capacity remains dedicated to Affordable Housing. Further clarification was added to reflect that 50% of the 80% funding shall be reserved for placemaking improvements during the first 10 years of the EIFD lifetime, unless and until a major catalyst project presents itself for funding, and that bonds will not be issued for placemaking improvements during the first 10 years. If a major catalyst project presents itself, the City, County, and PFA would need to convene to revisit the percentages and funding program. If a major catalyst project does not present itself within 10 years, the City, County, and PFA shall revisit the percentages at the 10-year mark.

Table 2: Prioritization of Public Capital Facilities and Affordable Housing Costs

Item	EIFD-Funded Improvements	Priority Program Project Percentages ¹	Estimated Cost
1	Performing Arts/Sports Entertainment Center/Placemaking Improvements ²	80%	\$51,673,608
2	Affordable Housing ²	20%	\$12,918,402
Total		100%	\$64,592,010

Notes:

1. Revenue allocated to the EIFD will be used to fund the specified improvements according to the Priority Program Project Percentages above.
 2. These categories of improvements may include transportation improvements intended to connect them to the EIFD if they are constructed outside the EIFD boundaries.
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3. If the Performing Arts/Sports Entertainment Center is funded by the EIFD but located outside the boundaries of the EIFD, it must have a tangible connection to the work of the EIFD (per EIFD law) and “tangible connection” is defined by the PFA to mean it will materially increase economic activity within the EIFD, including but not limited to, increasing employment, retail and/or restaurant sales, property taxes, commercial occupancies, private sector investment or other appropriate measures. The one-mile radius or another specific geographic definition of “tangible benefit” was deleted. (Section II, p. 5, 6)
 4. Language was added establishing a policy that if the transportation improvements are part of the Placemaking efforts, then they must be located within the boundaries of the EIFD. If the transportation improvements are located outside the EIFD they must connect affordable housing projects or the Center to the EIFD and they cannot be funded from the Placemaking Priority Program Project Percentages of the allocated revenues. (Section II, p. 7)
 5. Language was added to state that it is the policy of the EIFD to prioritize the Construction, as that term is defined in the IFP, of affordable housing units in the Downtown Station Area and to prioritize units in mixed-use/inclusionary projects, but projects located outside of the Downtown Station Area, and 100% affordable projects are not precluded from EIFD funding. (Section II, p. 7)
 6. A footnote was added to the fiscal impact analysis regarding the County’s Sheriff detention costs to state that while County staff does not accept the characterization of Sheriff costs as entirely associated with unincorporated areas (primarily Sheriff’s Office detention costs), the County does agree that the fiscal impact to the County General Fund is still positive. (Section 4, Table 10, p. 25; Appendix D, p. 5)

Second Public Financing Authority Meeting

The second public hearing on the IFP is scheduled for June 16, 2025. At that public hearing, if there is no protest proceeding as defined within EIFD law, then the PFA can adopt a resolution approving the IFP and officially forming the EIFD. However, prior to the PFA adopting a resolution to approve the IFP at the second public hearing, both the Board of Supervisors and Santa Rosa City Council must adopt resolutions approving the IFP.

Next Steps for Santa Rosa EIFD

Should the Board desire to approve the Final IFP, staff recommends the Board adopt the Resolution approving the Final IFP for the Santa Rosa EIFD, including the division of taxes set forth therein. (Attachment C) With this approval, next steps would include the following:

- Pursuant to government code Section 53398.54, certify, within 10 days of the Board's action to participate in the EIFD, to the Department of Finance and Public Financing Authority that no former redevelopment agency assets that are the subject of litigation involving the state, if the city or county, the successor agency, or the designated local authority are a named plaintiff, have been or will be used to benefit any efforts of an enhanced infrastructure financing district formed under applicable government code. (Attachment D)
- The Public Financing Authority holds the second required public hearing to adopt the Resolution of Formation of the Santa Rosa Enhanced Infrastructure Financing District.
- County and City staff convene to finalize and memorialize administrative protocols and procedures.
- Before November 30, 2025, the City of Santa Rosa requests jurisdictional boundary change with the California State Board of Equalization.
- County representation on the Santa Rosa EIFD Public Financing Authority will continue.
- County tax increment distributions are expected to begin DATE. Please see Fiscal Summary below for details on the full fiscal impact to the County during the term of the EIFD and the estimated potential positive impact.

City of Sebastopol/County EIFD and West County EIFD

On January 23, 2024 <<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6484841&GUID=676D8C24-DB67-459F-A99E-E6CFA6AA8684>>, the Board approved a \$50,000 grant

agreement with the City of Sebastopol (Sebastopol) from District 5 Community Infrastructure Funds for Sebastopol to engage a consultant to evaluate the feasibility of an EIFD that encompasses both the City and unincorporated West County.

On February 11, 2025, the Board received an update on initial City of Sebastopol/County Enhanced Infrastructure Financing District (EIFD) discussions, and approved \$7,500 from District Formation Funds for the City's consultant to develop a Sebastopol/County EIFD fiscal impact analysis. Kosmont, Sebastopol's selected consultant, offered preliminary analysis findings, which can be found at this [link <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7129386&GUID=1433730C-1F0B-4AC2-BFD9-D6122B7CD7A0>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7129386&GUID=1433730C-1F0B-4AC2-BFD9-D6122B7CD7A0).

Today's item is a further update on Kosmont's feasibility and fiscal impact analyses. Key findings and considerations are listed below.

1. *EIFD Boundaries* - Suggestion for two different EIFDs
 - a) Option 1: A focused corridor within Sebastopol, with Sebastopol and County participation for projects within Sebastopol.
 - b) Option 2: Unincorporated West County areas, with only County participation for projects outside of Sebastopol.
2. *Revenue Allocation* - Balance funding capacity and General Fund protection

- a) Option 1: Within Sebastopol, a 25% City of Sebastopol allocation and a County dollar match, which represents approximately a 23% County share.
- b) Option 2: For Unincorporated West County areas, a 20% to 25% County allocation, subject to further fiscal impact analysis review.

Preliminary EIFD revenue and bonding capacity scenarios are included in Attachment E - Presentation. Under a 20% allocation scenario, preliminary fiscal impact analysis indicates a marginally fiscally positive (\$473,000) present value fiscal benefit for County general fund over 50 years, net of tax increment contribution to EIFD and net of estimated fiscal expenditures.

- 3. *Eligible Projects* - Sebastopol and County proposed projects based on stakeholder input to date, with potential framework for prioritization based on return on investment and significant public benefit.

Next Steps for Sebastopol/County EIFD and West County EIFD

There is no recommended action for this update. For the Sebastopol/County EIFD, City of Sebastopol staff are leading the process, awaiting results of the voter-approved Sebastopol sales tax review. The next Sebastopol/County EIFD discussion is scheduled for June 5, 2025.

For the potential West County EIFD, with Board direction, County Administrator's Office staff could develop a plan and timeline for next steps. These could include calendaring Board discussion to review the West County EIFD Fiscal Impact Analysis, and if directed by the Board, identifying funding and authorizing staff to conduct a procurement process to select an EIFD consultant and to work with the consultant to execute EIFD formation processes, i.e. preparing Resolutions of Intent to form the EIFD and establish a Public Financing Authority, supporting the PFA public hearings process, developing the Infrastructure Financing Plan, etc.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

4/22/2025: Board reviewed Santa Rosa EIFD Draft Infrastructure Finance Plan and provided direction to staff on modifications to the Draft IFP

8/20/24: Board approved a 25% contribution of tax increment growth to the Santa Rosa EIFD 4/30/24: Board workshop to hear City of Santa Rosa proposed Santa Rosa EIFD project categories

2/27/24: Board approved Enhanced Infrastructure Financing District Policy

7/18/23: Board appointed Supervisor Coursey and Supervisor Rabbitt to the Santa Rosa Downtown EIFD Public Financing Authority

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses			

Agenda Date: 6/3/2025

Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

If the Santa Rosa EIFD IFP is approved, the County will allocate 25% of ad valorem property tax and net available revenues up to \$100 million, though projections estimate a total County allocation of approximately \$30 million. The Santa Rosa EIFD fiscal impact analysis to the County General Fund is described in detail in the Final IFP (Attachment B). Below is the City consultant's (DTA), net fiscal impact summary. The positive net fiscal impact to the County General Fund is estimated to be \$595,144 at the end of EIFD term (DATE) in 2025 dollars, based on \$3,958,647 in fiscal revenues, \$2,968,171 in fiscal costs, and the proposed EIFD property tax share equal to \$395,332 (reflecting 25% of the net incremental secured property tax revenues of \$1,581,329). It is assumed that the County will retain its 2% administration fees, totaling \$31,627, from the \$395,332 gross increments pledged to the EIFD. The County will remit the remaining amount to the EIFD.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

- A. Downtown Action Organization public input letter to the Santa Rosa EIFD Public Financing Authority
- B. Final Infrastructure Financing Plan
- C. Resolution to approve the Santa Rosa EIFD Infrastructure Financing Plan and the allocation of the County incremental tax revenue to the Santa Rosa EIFD
- D. Government code Section 53398.54 Certification Letter by the County of Sonoma
- E. Presentation

Related Items "On File" with the Clerk of the Board:

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