



SUMMARY REPORT

Agenda Date: 4/30/2024

To: Sonoma County Board of Supervisors

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

Staff Name and Phone Number: Christel Querijero, (707) 565-2431

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Enhanced Infrastructure Financing District (EIFD) Workshop and Santa Rosa Downtown EIFD Contribution Discussion

Recommended Action:

- A) Receive general information about Enhanced Infrastructure Financing District (EIFD) Infrastructure Financing Plans (IFPs) and potential public infrastructure projects for the Santa Rosa Downtown EIFD (Santa Rosa EIFD).
- B) Identify additional information needed, if any, in time for the Board to determine on May 14, 2024, the level of contribution to the Santa Rosa EIFD from the projected tax increment.

Executive Summary:

This item is a workshop for the Board to learn more about Enhanced Infrastructure Financing Districts (EIFD), including Infrastructure Financing Plans (IFPs), and to receive a presentation by City of Santa Rosa staff on the potential public infrastructure projects that may be proposed for the Santa Rosa EIFD. The intended outcome of the workshop is to identify what, if any, additional information is needed for the Board to consider the level of County of Sonoma tax increment contribution to the Santa Rosa EIFD. Staff anticipates returning to the Board on May 14, 2024.

Discussion:

Background. Senate Bill 628 (2014) authorized the formation of Enhanced Infrastructure Financing Districts (EIFDs). EIFD legislation is codified in California Government Code sections 53398.50-53398.88 (EIFD Law). EIFDs are a replacement to 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 revenues generated by the existing 1% ad valorem property taxes levied by counties under Section 1 of Article XIII A of the California Constitution (Prop 13). Tax increment can also be generated by community growth from within the boundaries of the proposed EIFD. The tax increment is then used to finance public infrastructure and economic development projects of community-wide significance. Eligible projects include roads, highways, streets/streetscapes, parking facilities, and transit facilities; affordable housing; internet access services; childcare facilities; libraries; parks and recreational facilities; climate mitigation projects; sewer and water facilities; solid waste and flood control facilities.

On July 17, 2023, the Board appointed Chair Rabbitt and Supervisor Coursey to the Public Financing Authority

(PFA), which is the governing body for the EIFD, for the Santa Rosa Downtown EIFD. On February 23, 2024, the Board approved an EIFD Policy to establish the minimum requirements for the County's participation in an EIFD when requested by another taxing entity (Attachment A).

Workshop. While EIFDs across the state have been established, the Santa Rosa EIFD is the County's first engagement in the process and first representation on a PFA. Today's workshop offers the full Board the opportunity to learn more about EIFDs and the work underway through the Santa Rosa EIFD PFA. Sharing general information in advance of receiving a draft IFP will support the County's review and understanding when an actual draft IFP is presented to the Board for approval.

City of Santa Rosa staff, along with the City's EIFD consultant, DTA Consultants, will provide an overview of EIFDs, including required details in an Infrastructure Financing Plan (IFP) (Attachment B), which includes the following elements:

- a. A map and legal description of the proposed EIFD,
- b. A description of the public facilities and other forms of development or public assistance to be undertaken within the EIFD;
- c. A finding that the improvements to be funded are of communitywide significance and provide significant benefits to an area larger than the EIFD;
- d. A financing section containing a series of elements, including projected EIFD tax revenues and construction revenues, a limit on revenues collected, and the period of time the EIFD will be in existence (not to exceed 45 years after the approval of a bond measure by the PFA), and an analysis of the fiscal impacts of the EIFD on the local public agencies participating in the EIFD;
- e. (e. A plan for providing replacement of dwelling units and relocation of those persons or families if any dwelling units within the EIFD are proposed to be removed or destroyed under certain circumstances;
- f. The EIFD's goals for each public improvement financed by the EIFD.

City of Santa Rosa staff will also describe potential public infrastructure projects that may be proposed for the Santa Rosa EIFD for approval by the PFA. Project categories include:

- Improving connectivity between Courthouse Square and Railroad Square,
- Activating existing public space (Comstock Mall),
- Activation and beautification of existing public right-of-way,
- Affordable housing, and
- Large-scale development projects.

For illustrative purposes, the City's EIFD consultant prepared projected tax increment and bonded indebtedness for the proposed Santa Rosa EIFD, both for Redevelopment Area properties (Attachment C) and Non-Redevelopment Areas (Attachment D). These projections include tax increment revenue, valuation, bond, discount rate, and administrative fee assumptions as well as the following EIFD assumptions:

- EIFD base year is 2024
- First year of EIFD increment is 2025
- Term of EIFD is 45 years
- % of City tax increment to EIFD is 50%
- % of County tax increment to EIFD is 50%.

Santa Rosa EIFD County Contribution. The Board's decision as to the level, if any, County contribution it approves for the Santa Rosa EIFD, would allow the Santa Rosa PFA to move forward with developing a draft IFP and to establish a timeline for public hearings and the formal City/County decisions needed. The Board

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direction to staff on next steps, which could include calendaring a future Board discussion and returning with additional information or analysis.

Strategic Plan:

N/A

Racial Equity:

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

No

Prior Board Actions:

July 17, 2023 - Board appointed Supervisor Coursey and Supervisor Rabbitt to the proposed Santa Rosa Downtown Enhanced Infrastructure Financing District (EIFD) Public Financing Authority

February 23, 2024 - Board approved an EIFD Policy

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses			
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:

There is no fiscal impact as a result of the workshop. Should the Board approve a tax increment contribution to the Santa Rosa EIFD, the funding and impact will be brought forward as part of that action.

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

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

- A. County Enhanced Infrastructure Financing District (EIFD) Policy
- B. City of Santa Rosa Presentation - EIFD Infrastructure Financing Plan and Project List
- C. Projected tax increment and bonded indebtedness for City of Santa Rosa/County of Sonoma Proposed Enhanced Infrastructure Financing District RDA Properties
- D. Projected tax increment and bonded indebtedness for City of Santa Rosa/County of Sonoma Proposed Enhanced Infrastructure Financing District Non-RDA Properties

Related Items “On File” with the Clerk of the Board:

N/A