



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 4/22/2025

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 CAO, 707-565-2431

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Downtown Santa Rosa Enhanced Infrastructure Financing District (Santa Rosa EIFD) Infrastructure Finance Plan (IFP)

Recommended Action:

Review the Downtown Santa Rosa Enhanced Infrastructure Financing District (Santa Rosa EIFD) Draft Infrastructure Finance Plan (Draft IFP) and provide direction on modifications, if any, to the Draft IFP to the Santa Rosa EIFD Public Financing Authority (PFA).

Executive Summary:

An Enhanced Infrastructure Financing District (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).

In July 2023, the Board appointed Supervisor Coursey and Supervisor Rabbitt to the Downtown Santa Rosa EIFD Public Financing Authority (PFA) to explore the opportunity to participate in a Santa Rosa EIFD. The PFA is the governing body responsible for developing and implementing the Infrastructure Financing Plan (IFP) that outlines how EIFD tax increment will be allocated. In 2024, the Board directed staff to continue this exploration with the City of Santa Rosa.

The Board's early review of the Draft IFP and direction to staff will allow time for requested modifications to be incorporated in the Final IFP and aid in meeting the PFA's schedule for public hearings and possible Santa Rosa EIFD approval. This item also includes the County Consultant's assessment of the Draft IFP.

The first Santa Rosa EIFD public hearing to reject or modify the IFP based on public comments is scheduled for May 8, 2025. The Board is scheduled to consider formal approval of the Draft IFP on June 3, 2025. The second and final public hearing to approve the IFP and adopt a Resolution of Formation of the EIFD, or vote pending the outcome of protests, will be scheduled in late June or early July. If the IFP and Santa Rosa EIFD are approved, the PFA's request for a Jurisdictional Boundary Change with the California State Board of Equalization will be submitted no later than November 30, 2025. Approval would establish 2024 as the base year for tax increment growth.

Agenda Date: 4/22/2025

The EIFD PFA, not the City or County, is responsible for repaying any bonds to be issued, i.e. the debt is specific to the EIFD and its defined project area. The County's consultant believes that approval to issue debt would not occur until three to five years after the EIFD is formed.

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 replace 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.

On April 25, 2023, the City of Santa Rosa Council adopted a Resolution of Intention to establish the City of Santa Rosa Enhanced Infrastructure Financing District, which is required to create a Public Financing Authority to serve as the governing body. Because the City and the County are the primary taxing entities within the boundary of the proposed EIFD area, the City requested the County to join and serve on the governing board of the EIFD.

On July 18, 2023, the Board appointed Supervisor Coursey and Supervisor Rabbitt to the Public Financing Authority (PFA) established by the City of Santa Rosa. This Board action did not constitute an agreement to forgo future growth. To guide the County's participation in EIFD proposals, on February 27, 2024, the Board approved an EIFD Policy (Attachment A) to establish the minimum requirements for the County to consider committing future growth through an EIFD Infrastructure Financing Plan when requested by another taxing entity.

On April 30, 2024, the Board held a workshop at which City of Santa Rosa (City) staff, along with the City's EIFD consultant, DTA Consultants (DTA), presented an overview of the proposed EIFD. City staff also shared potential public infrastructure projects that may be proposed for the Santa Rosa EIFD. A link to the April 30, 2024 Board item and materials can be found [here <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6646039&GUID=3E5ADBBC-9AA6-4DB2-9BC7-A57CAF88D896>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6646039&GUID=3E5ADBBC-9AA6-4DB2-9BC7-A57CAF88D896).

To support the County's evaluation of EIFD proposals by other jurisdictions, staff completed a procurement process to identify firms that specialize in special tax districts, including EIFDs, and selected Kosmont Companies as its consultant. The contract with Kosmont Companies was executed on May 1, 2024, and is effective for a three-year term at a cost not to exceed \$50,000.

On August 20, 2024, the Board received an assessment of the City's Draft County Fiscal Impact Analysis of the proposed Santa Rosa EIFD. The Board approved a 25% contribution of tax increment to the Santa Rosa EIFD. A link to the August 20, 2024 Board item and materials can be found [here <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6829948&GUID=864750C3-847A-443A-85A2-9CBC2BCD7805&Options=&Search=>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6829948&GUID=864750C3-847A-443A-85A2-9CBC2BCD7805&Options=&Search=>).

Draft Santa Rosa EIFD Infrastructure Financing Plan

The Santa Rosa EIFD PFA met on January 16, 2025, to receive an update from City staff on the timeline for development of the Draft IFP including a preliminary schedule for public hearings leading up to the potential approval of the IFP and formal establishment of the EIFD.

On March 7, 2025, City staff shared the final administrative Draft IFP, prepared by DTA (Attachment B). County staff from the County Administrator’s Office, County Counsel, and the Auditor-Controller-Treasurer-Tax Collector reviewed the draft. Kosmont Companies also reviewed the draft and provided their comments in the attached memorandum (Attachment C), noting the following:

Overall, it is Kosmont’s opinion that the draft IFP is consistent with the requirements in the EIFD statute, consistent with practices for other EIFDs across the state, fair with respect to City and County roles and impacts, and representative of a positive value proposition for the County General Fund (positive “return on investment”).

On April 2, 2025, the Santa Rosa EIFD PFA had a public meeting to introduce and provide comments to City staff on the Draft IFP. Below is a summary of the comments shared by County PFA members. (Attachment D - April 2, 2025 Santa Rosa EIFD PFA presentation)

1. IFP Project Categories

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

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

- 1.1. County PFA members expressed a desire to see categories (b) Streetscaping Improvements and (c) Placemaking Improvements separated with a combined allocation of 10%. (Table 2, above, is on Page 5 of Attachment B - Draft IFP.)
- 1.2. Language should be added that “priority for EIFD funding will be given by the PFA to projects that catalyze private sector investment.”
- 1.3. In addition to PFA and City Council approval, changes to percentage breakdown among EIFD project categories will require County Board of Supervisors approval.
- 1.4. Explicit language should be included that the EIFD will not fund or reimburse projects that are already underway, prior to the EIFD being fully formed.

2. Future Bond Issuances

- 2.1. City representatives staffing the PFA will be required to consult with County Auditor-Controller-Treasurer-Tax Collector (ACTTC) staff on financing terms, prior to PFA approval to issue EIFD bonds. (Financing terms do not need to be approved by the Board of Supervisors given that EIFD bonds are not debt of the County.)

3. Fiscal Impact Analysis

- 3.1. County staff raised issues with the treatment of County Sheriff’s Office costs, a key point in Kosmont’s peer review of the Fiscal Impact Analysis, resulting in Kosmont’s recommendation to reduce the County allocation from 50% to 25% to achieve a net positive General Fund fiscal impact (positive “return on investment”).

4. Miscellaneous

- 4.1. The County will be reimbursed for administrative costs, similar to the City.
- 4.2. More clarity is needed about Successor Agency dissolution and available Redevelopment Property Tax Trust Fund (RPTTF) residual revenues (Page 8 of Attachment B - Draft IFP.)
- 4.3. Reference to Appendix B (Santa Rosa EIFD Tax Increment Revenue Projections and Bonding Capacity Analysis) will be made clear within the body of the IFP.

At the time of writing, City staff are in the process of revising the Draft IFP. Two PFA public hearings are required to form the EIFD and adopt the IFP. The first public hearing is scheduled for Thursday, May 8, 2025. The second public hearing is being scheduled tentatively in late June, after the Board of Supervisors and City Council consider approval of the final IFP. The Board is scheduled to consider approval on June 3, 2025. If approved, the PFA’s request for a Jurisdictional Boundary Change with the California State Board of Equalization will be submitted no later than November 30, 2025.

Strategic Plan:

N/A

Racial Equity:

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

No

Prior Board Actions:

[8/20/24 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6829948&GUID=864750C3-847A-443A-85A2-9CBC2BCD7805&Options=&Search=>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6829948&GUID=864750C3-847A-443A-85A2-9CBC2BCD7805&Options=&Search=>): Board approved a 25% contribution of tax increment growth to the Santa Rosa EIFD

[4/30/24 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6646039&GUID=3E5ADBBC-9AA6-4DB2-9BC7-A57CAF88D896>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6646039&GUID=3E5ADBBC-9AA6-4DB2-9BC7-A57CAF88D896>): Board workshop to hear City of Santa Rosa proposed Santa Rosa EIFD project categories

[2/27/24 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6519237&GUID=F6DE4134-415E-4B92-9199-FB5216051296>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6519237&GUID=F6DE4134-415E-4B92-9199-FB5216051296>): Board approved Enhanced Infrastructure Financing District Policy

[7/18/23 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6286187&GUID=1CD93D94-5D4F-4E30-AA12-2CB5A6559F24>](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 Downtown EIFD Public Financing Authority

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:

If the Santa Rosa EIFD 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 Appendix D of the Draft IFP (Attachment D to this item). 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 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. EIFD Policy
- B. Santa Rosa EIFD Draft Infrastructure Financing Plan
- C. Kosmont Santa Rosa EIFD Draft Infrastructure Financing Plan Review and Comment
- D. Santa Rosa EIFD April 2, 2025 PFA Meeting Presentation
- E. Presentation

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

None