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Council File: 14-1349-S1, 14-1349-S2  
Council District No.: All  
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Economic Development Committee  
Los Angeles City Council  
c/o Adam Lid  
City Clerk  
Room 395 City Hall

**COMMITTEE TRANSMITTAL: REPORT BACK ON THE ESTABLISHMENT OF A CITY OF  
LOS ANGELES ENHANCED INFRASTRUCTURE FINANCING DISTRICT POLICY**

**RECOMMENDATIONS**

The General Manager of the Economic and Workforce Development Department (EWDD), or designee, respectfully requests that the Mayor and City Council:

1. ADOPT the proposed Enhanced Infrastructure Financing District (EIFD) Establishment and Investment Policy as indicated in Attachment A.

**FISCAL IMPACT STATEMENT**

This report provides information relating to the establishment of a Citywide Enhanced Infrastructure Financing District Policy. Completing the multi-step process of establishing an EIFD in the City of Los Angeles may cost approximately \$500,000 (exclusive of bond issuance costs). In addition to this establishment cost, the City will forego projected tax increment that would otherwise go to the General Fund. The amount of diverted tax increment from the establishment of an EIFD(s) will depend on factors such as project scope and cost, interest rates, and level of county participation, therefore a total fiscal impact to the General Fund is difficult to predict at this time.

## **SUMMARY**

On March 17, 2015, the Los Angeles City Council adopted Council File No. 14-1349-S1 which directed the EWDD in collaboration with the Chief Legislative Analyst (CLA), and City Administrative Officer (CAO) to take steps necessary to establish an EIFD Policy directing the process for initiating a study and adopting an EIFD for a general area or project. Also, on September 16, 2015, the Los Angeles City Council directed the EWDD to work with the CAO and report back on the general strategy for creating EIFDs (Council File No. 14-1349-S2). To advance these directives, EWDD conducted a competitive bidding process to retain a consultant to assist in preparing an EIFD Policy. The process resulted in the selection of RSG, to evaluate the following: define an EIFD, develop a policy to study the viability of establishing an EIFD, and prepare an anticipated budget associated with establishing and operating an EIFD for a general area or specific project.

This report provides discussion and recommendations on the following components of the proposed EIFD policy:

1. Outlines the City's preliminary assessment of whether to form a proposed EIFD;
2. Explains the City's approach to committing tax increment to an EIFD;
3. Provides an overview of EIFDs; and
4. Establishes the City's procedures and policies related to submitting, accepting and responding to requests to establish EIFDs within City boundaries.

## **BACKGROUND**

An Enhanced Infrastructure Financing District is an economic financing tool created to finance projects that provide community-wide benefits. EIFDs were created by Senate Bill 628, which is codified in California Government Code Section 53398.50 through 53398.88 and took effect on January 1, 2015. The legislation was amended in 2015 by Assembly Bill 313 and Senate Bill 63.

Cities and counties may create one or more EIFDs, each of which functions as a legally constituted governmental entity separate and distinct from the city or county that established it. EIFD boundaries may include non-contiguous areas, and may either encompass the parcels of a specific development project or a broader area. EIFDs use tax increment contributed by consenting taxing entities to implement an infrastructure financing plan within a defined area to construct, improve, and/or rehabilitate specified types of projects with community-wide benefits.

Whereas the State's Infrastructure Financing Districts were limited to funding public infrastructure projects under State law, an EIFD has a broad range of projects it can fund. Allowable activities include planning, design, acquisition, construction, seismic retrofit, expansion or rehabilitation of any real or tangible property with a useful life of fifteen years or longer.

EIFDs are governed by Public Financing Authorities, a separate legislative body established prior to the adoption of an EIFD to govern the district and implement the Infrastructure Plan.

The public financing authority is a limited legislative agency of corporate form intended to accomplish the goals of the EIFD by utilizing tax increment financing and bonds without legally or directly impinging upon the credit or statutory debt limits of the City or any other affected taxing entity.

Based on the State's existing Infrastructure Financing Districts model, EIFDs create a flexible tool by simplifying the adoption procedure; expanding the sources of financing available; and enhancing the project types that can be funded. EIFDs allow for the use of tax increment financing but avoid the controversies embroiled in redevelopment by excising the use of any tax increment from a county office of education, school or community college district and requiring remaining affected taxing entities agree to the use of their portion of tax increment in any EIFD. The attached proposed EIFD Establishment and Investment Policy establish the procedures and policies of forming an EIFD in the City of Los Angeles and committing a portion of the City's tax increment to an EIFD. This Policy focuses on the City's commitment of tax increment to EIFDs, but note that the City prefers that EIFDs involve multi-agency investment, as EIFDs may be most appropriate when multiple taxing entities participate.

A handwritten signature in black ink, appearing to read 'JP', with a long horizontal line extending to the right.

JAN PERRY  
General Manager

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Attachment A:      Enhanced Infrastructure Financing District Establishment and Investment  
Policy