

May 23, 2018

To: Honorable Mitch O'Farrell,
Chair, Arts, Parks, River and Entertainment Committee
Members: David Ryu,
200 North Spring Street
Los Angeles, CA 90012

Date: 5-23-18
Submitted in ABPR Committee
Council File No: 14-13401-54
Item No.: (1) SPECIAL
Deputy: RUBEN

Dear Sirs:

The EIFD motion before you today, does not include the required preliminary analysis as required by City's draft Establishment and Investment Policy (February 2017), or the independent financial analysis as required in the County's Board Policy for Evaluating Enhanced Infrastructure Financing District (EIFD) (August, 2017).

"Prior to the City proceeding with the time-intensive and costly process to form an EIFD, EWDD staff will conduct a preliminary assessment of the proposed EIFD and advise the City Council and the Mayor of its impacts and whether it appears that forming the proposed EIFD is in the City's economic and fiscal interest. (p. 2, Ibid)

Response: How did this motion appear on your agenda without the preliminary assessment, list of projects and cost estimates, jurisdictions and taxing agencies involved and their position, and a map? Where is the CLA and the CAO's response? What does the EWDD say about this? Per the council's draft policy description: EWDD staff will evaluate the following factors in their preliminary assessment:

- A. Alignment with City's Economic Development Strategy**
- B. Alignment with City's Fiscal Strategy**
- C. Leveraging of City-owned property**
- D. Greater suitability for other financing tools.**

Response: There are other funds that can be used for operations and maintenance; RPOSD funds for park use; Measure R funds for bikeway improvements and regional and state transit funds for bridges)

E. Financial Feasibility: Does it appear likely that financial goals proposed to be achieved by the EIFD will actually be achieved? (page 2, Ibid).

May 23, 2018

Summary of key components of the EIFD, on page 5, of City's February 2017 draft memo.

Funded by property tax increment pledged by consenting taxing agencies.
Response: This answer conflicts with the County memo.

Infrastructure financing plan: Among other information (CEO financial analysis), the infrastructure plan that guides the Public Financing Authority's implementation of each EIFD, must include a detailed description of the development or financial assistant that is proposed in the EIFD, a limit on the total number of tax dollars that may be allocated to the EIFD, and a date on which the EIFD will cease to existing and all tax allocation to the EIFD will end.

This plan is prepared by the City/County Engineers or another appropriate official designated by the city or county's legislative body. Once drafted the following must occur before it is adopted by the legislative body:

1. The plan must be sent to each landowner in the proposed EIFD, each affected taxing entity, the planning commission and the legislative body.
2. The official who prepared the plan must consult each affected taxing entity...
3. The legislative body must conduct a public hearing for which specific public notices must be issued.
4. The governing body of each affected taxing entity committing tax increment must adopt a resolution approving the plan.

Recommendation: Send EIFD proposal back to the EWDD for a preliminary assessment, before allowing it to be heard at any Council Committee. Consult with the County before bringing this back. Present update to Alliance of River Communities before end of 2018 and report back to this committee.

Minimum Requirements per Board of Supervisor's EIFD policy (August, 2017):
The City's share of Property tax increment must equal a minimum of 15 cents (\$0.15) for every dollar (\$1.00) captured in the EIFD Project Area.

Response: The General levy for the City will be 50% (per City policy, April, 2018); The County requires a minimum of 50% (per County policy, February 2018). LAUSD will continue to take .146% and the Community Colleges will continue to take their .04%. Leaving .028096 for the EIFD. Currently the City of LA's rate in Elysian Valley is \$.0249, which is equal to \$.02 cents per dollar captured.

The City's contribution of property tax increment must at least equal that contributed by the County and it's special districts.

May 23, 2018

Response: City policy states they want 50% of all new property tax increment to repay the general fund. In addition, the County want 50% of new increment on projects. City residents currently pay the following direct assessments annually: LA County Vector Control, County Park District, Trauma tax and Flood Control

The County must not be required to contribute 100% of its property tax increment (which is going down from 1.00 to 50% of the 1.00 if a new redevelopment project (EIFD) is created.

The Fiscal Analysis Required by County Policy.

County policy requires a fiscal analysis conducted by the County CEO must be completed by the applicant and demonstrate a positive net impact to the County General Fund, as a result of the tax revenue generated from the Project Area.

A sensitivity analysis shall be conducted to evaluate the risk associated with tax forecasts on various economic scenarios that might impact the amount of Actual development realized in the EIFD.

Proposal Standards for County Report:

Cost estimates for all infrastructure to be funded by the EIFD must be provided. "A cap on county contributions should be established related to the list of infrastructure projects to be completed. Additionally a plan for funding the anticipated operations and maintenance costs for the proposed infrastructure must be given.

A plan to fund the administrative costs of the EIFD in the start up and early years of the project should be presented. A schedule of bond issuance and an estimated amount of bond proceeds must be provided in relation to any debt to be secured by EIFD tax increment. If the proposed EIFD is within a former redevelopment project area, the amount of residual revenue from the redevelopment successor agency must be evaluated in relation to the projects amount of tax increment. **Incomplete analysis** The City's Policy requires cost estimates and a fiscal analysis by the CLA/CAO-Is the City estimate of \$50-90 million over the next five to ten years feasible? Projects of major concern are: bridge from Altman to Rio de Los Angeles State Park, bilingual signs from LA County Flood Control District (LACFCD) and Public Health mailings about the ZIKA Mosquito; Initiating the East bank River trail project; budget for operations and maintenance; Green Streets and design standards ; discussion about Planning on the river and civic engagement

Sincerely,

Carrie Sutkin, DPPD
2438 Gatewood Street
Los Angeles, CA 90031