


**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: February 11, 2020

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 19-0002-S190
Assignment No: 20-01-0050

SUBJECT: Resolution (Buscaino-O'Farrell) to SPONSOR legislation permitting members of an Enhanced Infrastructure Financing District or Community Revitalization and Investment Authority to designate alternate members.

CLA RECOMMENDATION: Adopt Resolution (Buscaino-O'Farrell) to include in the City's 2019-2020 State Legislative Program SPONSORSHIP of legislation permitting members of an Enhanced Infrastructure Financing District or Community Revitalization and Investment Authority to designate alternate members.

SUMMARY

Resolution (Buscaino-O'Farrell), introduced on December 4, 2019, describes the Enhanced Infrastructure Financing District (EIFD) and Community Revitalization and Investment Authority (CRIA) programs, which are available to cities to fund community revitalization and infrastructure projects through tax increment financing. EIFDs and CRIsAs must include a governing body comprised of elected Councilmembers, County Supervisors, as well as members of the public who are tasked with oversight of the district. With the potential for the City to form numerous EIFDs and CRIsAs, each requiring the participation of several members of the City Council, the Resolution calls on a more flexible governance model needed to ensure full representation on each governing body. Therefore, the Resolution calls on support of legislation permitting members of an Enhanced Infrastructure Financing District or Community Revitalization and Investment Authority to designate alternate members.

BACKGROUND

State law authorizes local jurisdictions to form EIFDs and CRIsAs to fund community revitalization and infrastructure projects through the use of property tax increment financing in a defined geographic area. Jurisdictions are eligible to partner with other taxing entities (including the County but excluding school districts) to increase the amount of tax increment available to the district. These programs do not increase taxes, instead, they reallocate natural growth in tax revenue from a specific geography for project types including affordable housing, wastewater, groundwater, parks and open space, brownsfield remediation, and rail.


Both EIFDs and CRIsAs require the formation of a public governing body separate from the jurisdiction where it was created. The governing board is comprised of a minimum of five members, consisting of a majority of City Councilmembers or County Board of Supervisors and

at least two members of the public who live or work in the area. If the City formed a district financed with City tax increment only, then the governing board would be comprised of at minimum three Councilmembers and two members of the public. If the City partnered with the County, the board would be comprised of at minimum three members total from the Council and Board of Supervisors and two members of the public. The City's EIFD policy states that in the event an EIFD is created, the Mayor will appoint Councilmembers to the board, while the Council will appoint the public members to the board. The only EIFD to be formed in partnership with the County of Los Angeles as of the date of this report is the City of La Verne, in which the governance board comprises two members of the La Verne City Council, one member of the Board of Supervisors (representing the district in which the EIFD is located), and two members of the public (one each appointed by La Verne and the County). The City does not currently have a CRIA policy that would govern appointments to a CRIA board.

With the potential for the City to form numerous EFIDs and CRIAs, each requiring the participation of several members of the City Council, a more flexible governance model is needed to ensure full representation on each governing body and proper oversight over the activities of the districts. By allowing members of a governing board to designate an alternate, the City will have greater freedom with which to provide oversight to these districts.

DEPARTMENTS NOTIFIED

EWDD


Clay McCarter
Analyst

Attachment: Resolution (Buscaino-O'Farrell)

RESOLUTION RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, State law authorizes local jurisdictions to form an Enhanced Infrastructure Financing District (EIFD) or Community Revitalization and Investment Authority (CRIA) to fund community revitalization and infrastructure projects through the use of tax increment financing in a defined geographic area; and

WHEREAS, EIFDs and CRIAs must include a governing body comprised of elected Councilmembers, County Supervisors, as well as members of the public who are tasked with the formation of a project area, managing the use of funds collected in the area, securing voter approval for any bond issuance (for EIFDs), and maintaining long-term oversight; and

WHEREAS, with the potential for the City to form numerous EIFDs and CRIAs, each requiring the participation of several members of the City Council, a more flexible governance model is needed to ensure full representation on each governing body and proper oversight over the activities of the districts; and

WHEREAS, State EIFD and CRIA law should be amended to allow appointees of the governing body to designate an alternate to ensure proper oversight;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 State Legislative Program SPONSORSHIP of legislation permitting members of an Enhanced Infrastructure Financing District or Community Revitalization and Investment Authority to designate alternate members.

PRESENTED BY: _____
JOE BUSCAINO
Councilmember, 15th District

MITCH O'FARRELL
Councilmember, 13th District

19-0002-5190

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SECONDED BY: _____