

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the feasibility of creating an Enhanced Infrastructure Financing District (EIFD) to fund economic development initiatives in Venice.

Recommendations for Council action, as initiated by Motion (Bonin - Buscaino):

1. DIRECT the Economic and Workforce Development Department (EWDD), with assistance from the Public Works Bureau of Engineering, the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA), to report within 30 days on the feasibility of creating an EIFD as a potential funding source to support infrastructure improvements, affordable housing, and other vital economic development initiatives in Venice.
2. INSTRUCT the EWDD to report with a policy on establishing EIFDs in the City, and to work with interested Council offices to identify potential EIFD locations in their districts.

Fiscal Impact Statement: Neither the CAO nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

#### SUMMARY

At a special meeting held on February 24, 2015, the Economic Development Committee considered Motion (Bonin - Buscaino) relative to the feasibility of creating an EIFD as a potential funding source for infrastructure, affordable housing, and other vital economic development initiatives in Venice.

A representative of the EWDD addressed the Committee and provided an overview of the matter. An EIFD is a reconfiguration of a State financing mechanism called Infrastructure Financing Districts. Effective January 1, 2015, the State approved the use of EIFDs which is a more flexible tool to allow cities and counties (and other taxing entities) to potentially work together to contribute their respective tax increment funds for improvements in a given area.

In forming an EIFD, the participating jurisdictions align their goals for improvements in a certain area, designate a portion of their tax increment funds towards agreed upon projects, and create a public finance authority for governance of the EIFD and to receive the tax increment funds. The types of projects that can be funded include affordable housing, commercial development, industrial development, transit-oriented priority projects, sustainable community plans, etc. Prohibitions for funding by an EIFD include normal maintenance or services the City or County would provide, replacement of an existing facility, and market rate housing. Additionally, school districts, community college districts, and county boards of education may not participate. However, there are no restrictions on the number of EIFDs that can be formed nor their boundaries.

The EWDD representative further reported that if the City were to form or participate in any EIFDs, there would be General Fund implications since a portion of the City's future tax increment funds would be earmarked for the EIFD that would normally have gone into the General Fund. Any EIFD requests would require analysis to ensure there would not be a

negative impact on City finances. Additionally, the EWDD representative advised the Committee that it is necessary for Council to approve a policy and process in the City for EIFD approvals, and to consider the allocation of funding for staffing and consultants to analyze the requests since California Environmental Quality Act (CEQA) compliance would also be involved. The EWDD is currently preparing a report for Council with recommendations on policy and a process for EIFDs.

After additional discussion and after providing an opportunity for public comment, the Committee approved the Motion as amended to also instruct the EWDD to report back with a policy for establishing EIFDs in the City and to work with interested Council offices to identify potential EIFD locations in their districts. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
KREKORIAN:	YES
HUIZAR:	ABSENT
CEDILLO:	YES
MARTINEZ:	YES
WESSON:	ABSENT
KORETZ:	ABSENT

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