



CONTRA COSTA COUNTY

POLICY ON PARTICIPATION IN ENHANCED INFRASTRUCTURE FINANCING DISTRICTS

Contra Costa County supports economic development projects benefiting the residents of the County and will review proposals from cities seeking financial partnership with the County through an Enhanced Infrastructure Financing Districts (EIFD), pursuant to this Policy. The County will prioritize Commercial and Industrial development that promotes creation of above minimum wage jobs within the region. In addition, projects that offer private investment to complement investment of public funds will be viewed favorably by the County.

Proposals shall be submitted to the Department of Conservation and Development and include the following components for County review:

1. Contribution of Tax Increment

- a. Minimum City Contribution. The City shall contribute at least the same percentage share of tax increment that the County, excluding Affected Taxing Entities as defined by Government Code section 53398.51(a) governed by the County Board of Supervisors.
- b. Maximum County Contribution. The County will contribute no more than 50% of the County share of future *ad valorem* property tax increment generated in the proposed geographic area of the EIFD, as defined further in Section 1(d) below.
- c. Correlation of Contributions. In the case that the actual dollar amount share of the percent contributions outlined in Section 1 (a) and (b) above result in the City contributing a lower dollar amount than the County, then the City will increase its dollar amount contribution to be at least equal the County dollar amount contribution.
- d. Limitations on Tax increment. The County tax increment contribution to the EIFD will only be composed of future *ad valorem* property tax increment growth within the proposed geographic area of the EIFD (the "Future Increment"), excluding the base tax increment of the area (the "Base Increment"). The Base Increment is equal to the *ad valorem* property tax increment of the EIFD area for the fiscal year property tax assessment roll in which the EIFD was created.

2. Term of County Participation in EIFD

- a. Maximum term. The County will participate in joint EIFDs for a period not longer than 25 years. This allows consistency with County policy on the issuance of municipal securities for

a period not longer than 20 years, but also includes an additional five-years for project development and closeout over the life of the EIFD.

b. Procedures for Extension.

- i. The County plans to enter into partnerships with cities for specific projects requiring a regional funding approach best suited for an EIFD model with a duration consistent with Section 2(a) above with the assumption that future extensions will be unnecessary.
- ii. The County will review scenarios for extending its participation in an existing EIFD, at the discretion of the Board of Supervisors, upon receipt of an updated proposal from a City as outlined in Section 3 below and may decide to extend its participation in the EIFD for a period longer than the term in Section 2(a) on a case-by-case basis.

c. Termination Prior to End of Term.

- i. Non-Performance. If project construction has not commenced within two-years following creation of a joint EIFD, then the County, City and EIFD Governing Board shall identify whether the project is likely to commence within one-year. If project construction has not commenced within three-years following creation of a joint EIFD, then the County, City and EIFD Governing Board shall immediately begin proceedings to dissolve the EIFD.
- ii. Change in Project Feasibility. If following creation of an EIFD and prior to the timeline established in Section 2(c)(i) above the County and the City determine that the project is no longer feasible, then the County, City and EIFD Governing Board shall immediately begin proceedings to dissolve the EIFD.
- iii. Mandatory Acknowledgement. The City agrees to the terms set forth in Section 2(c)(i-ii) above as a condition of submitting its project proposal to the County for review.

3. Required Elements for City Proposals

- a. Executive Summary. This section should provide an overview of the City's proposal in a summary form easily understood by members of the public outlining the proposed project, including financial impacts and social benefits to the community, as outlined further below.
- b. Project Description. This section should provide details related to the proposed project, including at least the following aspects:
 - i. Proposed Project Details.
 1. Discuss Commercial, Industrial and Residential aspects of the project

2. Related metrics, including number of permanent jobs above the minimum wage, access points to public transit, number and type of housing units (affordable and market rate), business park square footage, etc.
3. Stage of current planning efforts (status of approved entitlements or Disposition and Development Agreements (DDAs) with developers, actions taken by the City Council, etc.)

ii. Demonstration of Social Benefits.

1. Qualitative analysis of why a joint EIFD model is the best approach to implement the City's proposed project within the City limits, such as:
 - a. Why City and developer finances alone are insufficient to finance the project
 - b. Why the County is best suited to partner with the City on the proposed project
2. How are the project goals of the City consistent with the stated goals of the County Board of Supervisors in one or more policy areas, such as:
 - a. Workforce development/job creation
 - b. Transportation improvements
 - c. Homeless Prevention
 - d. Sustainability
3. Projects including a Residential development component should include an affordable housing commitment of 50%; however, a lower percentage may be considered for units made available to households with an Area Median Income (AMI) of 50% or lower, in which case the commitment shall be no less than 20%.

- c. Financial Analysis. This section should provide a comprehensive analysis of the project economics, including financial impacts to the County and the City over the course of the project life and beyond, including at least the following aspects:

i. Financial Details Related to Project

1. Summary of assumptions, including backup context for selecting those assumptions
2. Anticipated net growth in *ad valorem* property tax in the EIFD area, both with and without development of the proposed project
3. Proposed tax increment contributions from each jurisdiction (as percentage and dollar amount)
4. Plan of finance for any municipal securities to be used for the project
5. Assessment of other one-time revenue sources being used to finance the project
6. Related Transient Occupancy Tax (TOT), Sales Tax or other revenues to be generated from proposed project

7. Estimated new ongoing expenditures related to the project area for the provision of municipal services, including a sustainable plan of finance
8. Sensitivity analysis illustrating how market forces may change the above analyses
 - a. Impacts of cost escalation
 - b. Impacts of other assumptions of project feasibility that may not materialize over the term of the EIFD project and beyond

ii. Ongoing Administrative Responsibilities

1. Proposed budget to staff the EIFD over the life of the District
2. Continuing disclosure responsibilities related to the issuance of municipal securities or other loan instruments
3. Ongoing grant reporting responsibilities

- iii. Positive Net Impact to the County. The project proposal must determine that there is a positive net financial impact to County finances.

4. County Analysis of City Proposal. In the course of evaluating the City's proposal, it may be necessary for the County to hire consultants to assist in the evaluation. The City shall compensate the County for reasonable costs of outside consultants assisting the County with its evaluation of the City's proposal.

5. Miscellaneous Provisions.

- a. The County shall not participate in any EIFD that uses eminent domain.
- b. For projects with an affordable housing component, the County will be interested to explore crediting some of the new housing toward the County's Regional Housing Needs Allocation.
- c. [PLACEHOLDER] Other items?