



Agenda

FINANCE COMMITTEE
February 7, 2022
9:00 A.M.

To slow the spread of COVID-19, in lieu of a public gathering, the meeting will be accessible via Zoom to all members of the public as permitted by Government Code section 54953(e).

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<https://cccouny-us.zoom.us/j/81726663656>

Meeting ID: **817 2666 3656**

Or by dialing **(888) 278-0254**

Conference Code: **468751**

To indicate you wish to speak on an agenda item via Zoom, please “raise your hand” in the Zoom application.

If you are joining the meeting via a telephone, you may dial *2 using your phone’s dial pad.

Supervisor John Gioia, Chair
Supervisor Karen Mitchoff, Vice Chair

Agenda Items:

Items may be taken out of order based on the business of the day and preference of the Committee

1. Introductions
2. Public comment on any item under the jurisdiction of the Committee and not on this agenda (speakers may be limited to three minutes).
3. CONSIDER approving the Record of Action for the December 6, 2021, Finance Committee meeting (Lisa Driscoll, County Finance Director)
4. CONSIDER recommending a policy on the evaluation of Enhanced Infrastructure Financing Districts (EIFDs) to the Board of Supervisors for adoption. (Timothy Ewell, Chief Assistant County Administrator)
5. The next meeting is currently scheduled for March 7, 2022.
6. Adjourn

The Finance Committee will provide reasonable accommodations for persons with disabilities planning to attend Finance Committee meetings. Contact the staff person listed below at least 72 hours before the meeting.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the County to a majority of members of the Finance Committee less than 96 hours prior to that meeting are available for public inspection at 1025 Escobar St., 4th Floor, Martinez, during normal business hours.

Public comment may be submitted via electronic mail on agenda items at least one full work day prior to the published meeting time.

For Additional Information Contact:

Lisa Driscoll, Committee Staff
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Contra Costa County Board of Supervisors

Subcommittee Report

FINANCE COMMITTEE

3.

Meeting Date: 02/07/2022
Subject: Record of Action for December 6, 2021 Finance Committee Meeting
Submitted For: FINANCE COMMITTEE,
Department: County Administrator
Referral No.: N/A
Referral Name: Record of Action
Presenter: Lisa Driscoll, County Finance Director **Contact:** Lisa Driscoll (925) 655-2047

Referral History:

County Ordinance requires that each County body keep a record of its meetings. Though the record need not be verbatim, it must accurately reflect the agenda and the discussions made in the meetings.

Referral Update:

Attached for the Committee's consideration is the Record of Action for its December 6, 2021 meeting.

Recommendation(s)/Next Step(s):

Staff recommends approval of the Record of Action for the December 6, 2021 meeting.

Fiscal Impact (if any):

No fiscal impact.

Attachments

Record of Action Finance Committee meeting of 12-6-21



FINANCE COMMITTEE

RECORD OF ACTION FOR
December 6, 2021

Supervisor Karen Mitchoff, Chair
Supervisor John Gioia, Vice Chair

Present: Karen Mitchoff, Chair
John Gioia, Vice Chair

Staff Present: Monica Nino, County Administrator; Lisa Driscoll, Finance Director

Attendees: There were 60 participants including staff.

1. Introductions

No introductions were necessary.

2. Public comment on any item under the jurisdiction of the Committee and not on this agenda (speakers may be limited to one minute depending on number of speakers).

Supervisor Mitchoff introduced the topics for the meeting and reminded participants what the Board of Supervisors had adopted at their November 16 meeting. One public comment was made regarding an item not on the Finance Committee's agenda. The attached public comments were received after publication of the agenda.

3. Staff recommends approval of the Record of Action for the November 1, 2021 meeting.

Approved as presented.

4. EXPLAIN process for Measure X funding recommendations made to the full Board of Supervisors on November 16, 2021.

Supervisors Gioia explained the process used for Measure X funding recommendations made to the full Board of Supervisors on November 16, 2021. Supervisor Mitchoff explained that the Measure X Community Advisory Board had completed its work regarding the initial round of funding. Public comments were asked for and received from 13 participants.

5. DISCUSS process/recommendations for funding additional programs with remaining resources.

Supervisors Mitchoff and Gioia discussed the process for recommendations for funding additional programs with remaining Measure X resources. Staff reviewed the monies that were available in total and those monies already allocated. Supervisor Mitchoff informed the group that the Contra Costa Regional Medical Center (CCRMC) capital project Measure X recommendations would return to the full Board of Supervisors on December 14. Supervisor Gioia reminded the group that Measure X funds were not allocated to the Sheriff for patrol and no additional allocation recommendations were on the agenda other than CCRMC capital projects. There was a discussion regarding what funds were not yet approved by the full Board of Supervisors and how they would be treated. Supervisor Mitchoff assured the group that any future allocation of Measure X funds would be made very publicly, even if adopted as part of the County budget process.

Public comments were requested and heard from 14 participants. At the conclusion of public comment Supervisor Mitchoff informed the group that letters of support already sent would be forwarded to the Board of Supervisors. Both Supervisors encouraged groups to make their wishes known and encouraged the Measure X Advisory Board to send their public comments to the Board as well.

6. The next meeting of the Finance Committee is to be determined at a later date.

The calendar year 2022 meetings have not yet been scheduled.

7. Adjourn

The meeting adjourned at approximately 11:15 AM.

For Additional Information Contact:

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lisa.driscoll@cao.cccounty.us



Contra Costa County Board of Supervisors

Subcommittee Report

FINANCE COMMITTEE

4.

Meeting Date: 02/07/2022

Subject: POLICY REGARDING EVALUATION OF ENHANCED INFRASTRUCTURE FINANCING DISTRICTS (EIFDs)

Submitted For: Monica Nino, County Administrator

Department: County Administrator

Referral No.: N/A

Referral Name: POLICY REGARDING EVALUATION OF ENHANCED INFRASTRUCTURE FINANCING DISTRICTS (EIFDs)

Presenter: Timothy Ewell, Chief Assistant County Administrator

Contact: Timothy Ewell, Chief Assistant County Administrator

Referral History:

In 2015, Senate Bill 628 (Chapter 785, Statutes of 2014) created Enhanced Infrastructure Financing Districts (EIFDs) effectively modifying the structure of already existing Infrastructure Financing Districts (IFDs). Following the dissolution of redevelopment, EIFDs serve as a financing mechanism to use tax-increment financing, similar to former redevelopment projects, but with greater collaboration between cities and counties for economic development, housing and other large-scale projects throughout the State. Subsequent to the creation in 2015, statutes authorizing EIFDs have been modified on a regular basis, including broadening the listing of eligible project types and modifying the process for the EIFD to issue bonds to fund those projects.

Similar to financial impacts from former redevelopment agencies, the County's share of the ad valorem property tax is impacted by a redirection of those revenues from the County to an EIFD. The difference is that the County must opt-in to become a partner in the EIFD formation process and pre-negotiate the share of ad valorem property tax to be reallocated to the EIFD. Due to the size of the County and the number of cities within the County there is potential for significant requests of County participation in EIFD development at a commensurate financial cost to the County. As an example, the County Administrator's Office has been approached by the cities of Pittsburg and Brentwood to gauge interest in the participation of the County in EIFDs located within each city. Both cities are in the exploratory phase of EIFD development.

On September 7, 2021, the Board of Supervisors referred to the Finance Committee the development of a policy related to evaluation of EIFD proposals submitted for review from jurisdictions within the County. Recall that the County took a similar approach to evaluation of Compensation Agreements being requested by cities as part of the redevelopment dissolution process. Adopting and subsequently distributing a policy sets a minimum bar for cities to meet when submitting proposals to the County for review and evaluation. It also communicates what projects the County is interested in partnering on, consistent with stated Board of Supervisors policy goals, and acceptable rates of financial participation for such projects by the County.

At the September 13, 2021 Finance Committee meeting, the County Administrator's Office presented staff's recommended policy on the evaluation of EIFDs. The Committee discussed the draft policy, recognized the lack of depth in the few existing EIFD policies around the State and believed that the draft Contra Costa policy was appropriately thorough. The Committee gave direction to add elements to the policy favoring certain types of jobs that would benefit residents and help address the County's unfavorable jobs/housing balance. Staff was directed to announce the new draft to the Public Managers Association (PMA) and to distribute it to City Managers allowing for comments prior to returning to the Finance Committee on November 1, 2021, and the full Board of Supervisors on November 9, 2021.

At the November 1, 2021 Finance Committee meeting, staff reported that the County attended the September 16, 2021 meeting of the PMA to introduce the reasoning behind development of the EIFD policy and announce that the County would be circulating to cities for a four-week public comment period. The draft policy was distributed to the PMA on September 22, 2021 with a request for responses no later than October 22, 2021.

The County received public comments from three cities: Brentwood, Concord and Walnut Creek. Copies of each letter are included as attachments to this staff report. In addition, staff has assembled a crosswalk of City comments to the relevant sections of the draft policy and provided comments in response to each point raised by the cities. Staff presented these issues at the November 1, 2021 meeting and the Committee directed the Conservation and Development Department to reach out to the City of Concord regarding the policy and its potential impact on the Concord Naval Weapons Station reuse project. In addition, the Committee requested the County Administrator's Office to provide information about composition of the governing board of future EIFD Districts.

Referral Update:

Today's action is to consider making additional edits to the draft EIFD policy based on comments from cities and follow up discussions with the City of Concord and receive an update on the governance structure of EIFDs. The Department of Conservation and Development will provide a verbal update to the Committee and an analysis of governance structure is included below.

EIFD Governance Structure

Government Code section 53398.51 contemplates the membership of a public financing authority established as the governing board of an EIFD. There are three scenarios for governance, each of which are dependant on the number of affected taxing entities ("ATEs") that are members of the EIFD. ATEs are defined, for purposes of EIFDs, as any governmental taxing agency which levied or had levied on its behalf a property tax on property located in the EIFD boundaries in the fiscal year prior to the establishment of the District. However, schools districts, community college districts and offices of education are not considered ATEs for purposes of EIFDs. Each scenario is outlined below:

1. *For EIFDs composed of one ATE (for example, an EIFD formed by the County or an individual City). 5 members; 3 from legislative body and 2 members of the public.*
2. *For EIFDs composed of two ATEs (for example, an EIFD formed by the County and a City jointly). At least 5 members; 3 from the County Board of Supervisors and the City Council and at least 2 members of the public.*
3. *For EIFDs composed of three or more ATEs (for example, an EIFD formed by the County, a City and a Sanitary District jointly). At least 5 members; at least 1 from each legislative body, upon mutual agreement by the participating ATEs, and at least 2 members of the public.*

In each scenario, the appointment of the public members shall be subject to the provisions of Government code sections 54970 and 54972. These are the sections of statute that cover the "Local Appointments List", commonly referred to as the "Maddy Book".

The full text of Government Code section 53398.51.1 is attached for reference.

Recommendation(s)/Next Step(s):

REVIEW draft County Policy on evaluation of joint Enhanced Infrastructure Financing Districts with cities within the County; PROVIDE feedback to staff and markups to proposed policy; and DETERMINE whether to forward to the full Board of Supervisors for review and adoption.

Attachments

DRAFT Policy - County Participation in Enhanced Infrastructure Financing Districts (EIFDs) as of September 22, 2021

Summary, City Comments to EIFD Policy

EIFD Public Comment - City of Concord

EIFD Public Comment - City of Walnut Creek

EIFD Public Comment - City of Brentwood

Government Code section 53398.51.1, Governing Board Membership Composition of Enhanced Infrastructure Financing Districts



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. To be considered favorably relative to workforce development / job creation benefits, proposed projects should generate new permanent jobs that cover a range of job types and industries, serve the workforce characteristics of County residents (ideally residents local to the immediate sub-region of the project), and require skills and knowledge at a variety of levels. Permanent jobs generated by proposed projects should be career-track and pay above minimum wage. Furthermore, to be favorably considered in this category, proposed projects should contribute significantly toward addressing the County's overall jobs-housing balance, which as of 2021 has far more homes than jobs for its residents. Job generation in areas of the County with the fewest employment opportunities for local residents is particularly important.
 4. 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 on inhabited residential properties.
- 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.

Contra Costa County
Enhanced Infrastructure Financing District (EIFD) Policy, City Comments

as of October 26, 2021

<u>Section No.</u>	<u>Section Title</u>	<u>City Comment</u>	<u>City</u>	<u>County Comment</u>
1(a)	Contribution of Tax Increment	Each City property tax distribution is obviously less than that of the County yet the policy expects equal contributions from cities. The City suggests a more balanced approach to contributions to any established EIFDs.	Walnut Creek	Participation in EIFDs initiated by cities should be a funding mechanism of last resort for City projects. The County uses its ad valorem property tax to fund existing health and safety services for the benefit of all County residents, including city residents. Redirection of the County's future tax increment reduces general purpose revenue for County services. For these reasons, the County expects to have equal participation with cities on City projects.
2(a)	Maximum Term	25 year maximum term shorter than normal. 30 year timeframe would maintain consistency with other financing mechanisms.	Walnut Creek	The 25 year timeframe is consistent with the County's Debt Management policy, which limits issues of bonds to no longer than 20 years. The additional 5 years is designed to allow for start up and wind down of the EIFD Joint Powers Authority.
2(b)	Procedures for Extension	Is this procedure applied in advance of the project commencing or near the end of the 25-year time horizon?	Walnut Creek	This procedure is designed to be operative at anytime following establishment of the EIFD to provide the most flexibility to the City and County.
2(c)	Termination Prior to End of Term	The 2-3 year deadline needs to be further defined. At what point does this apply since several project activities occur prior to project commencement (e.g. land acquisition, entitlements, etc.)	Walnut Creek	As stated in Section 2(c)(i), the 2-3 year period commences on the date that the EIFD is formed.
3(b)(ii)(3)	Demonstration of Social Benefits	Meeting all of the conditions related to employment may preclude otherwise beneficial projects. City suggests removing "and" to allow for meeting most or some of the conditions. Please provide context about the phrase "jobs-housing balance".	Walnut Creek	The County is not requiring that all of these conditions be met, but that the proposal would be "considered favorably" if the conditions are addressed in the City proposal. The County has a known jobs-housing imbalance, where there are currently more housing resources than jobs. Proposals helping to address this imbalance (e.g. enhancing job creation opportunities) would receive favorable review by the County.
3(b)(ii)(4)	Demonstration of Social Benefits	Imposing an affordable housing commitment of 50% is not enforceable on private property developers unless the developer expressly receives a public subsidy. Two suggestions: 1) Adopt Brentwood Municipal Code Chapter 17.725 which includes a 10% inclusionary requirement on all new housing development; or 2) Establish an Affordable Housing Trust Fund similar to former redevelopment agency set asides.	Brentwood	The County's position is that County participation in an EIFD project within the City that includes a residential development component is a public subsidy to that developer. For EIFD projects that include a residential development component, the County's priority is the establishment of actual affordable housing units. While a Housing Trust Fund sounds good in theory, it is unlikely to generate funding sufficient to actually develop meaningful affordable housing.
3(b)(ii)(4)	Demonstration of Social Benefits	The affordability housing commitment of 50% in a "residential development component" would make the use of EIFDs difficult and could potentially jeopardize the source of future tax increment and funding for affordable housing. City supports establishing an Affordable Housing Trust Fund similar to former redevelopment agency set asides.	Concord	See response above.
4	County Analysis of City Proposal	City suggests an agreed upon not to exceed amount for outside consultants	Walnut Creek	The County would be open to this approach as part of the review of each City proposal received.
5	Miscellaneous Provisions	Each City has increased RHNA requirements making it difficult to accommodate allocating a portion of residential housing EIFD project to the County's RHNA requirements.	Walnut Creek	The County understands that all jurisdictions are under pressure to meet RHNA figures. This is not a mandatory requirement, but a city proposal would be viewed more favorably if this provision was addressed.

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Patti Barsotti, City Treasurer
Valerie J. Barone, City Manager

October 20, 2021

Tim Ewell
Chief Assistant County Administrator
1025 Escobar Street, 4th Floor
Martinez, CA 94553
Timothy.Ewell@cao.cccounty.us

Re: Policy on Participation in Enhanced Infrastructure Finance Districts (EIFDs)

Mr. Ewell,

Thank you for the opportunity to provide feedback regarding the proposed County Board Policy on Participation in Enhanced Infrastructure Finance Districts (EIFDs.)

As you know, the City of Concord, acting as the Local Reuse Authority is working with the U.S. Navy to achieve transfer of the former Concord Naval Weapons Station to the City, County and East Bay Regional Park District. Concord is also collaborating with a new master developer to secure necessary permits and entitlements required to allow the Reuse Project to proceed with horizontal infrastructure and vertical development.

When the Reuse Project was originally envisioned, between 2006-2012, it was with the expectation that Redevelopment Agency tax increment financing would be available to address the project's infrastructure requirements. The State's elimination of Redevelopment Agencies in 2012 created a financial hurdle for the project that Concord and its partners have been trying to clear ever since.

The adopted Area Plan for the Reuse Project calls for the construction of up to 12,000 housing units (25% affordable to low-income households); 6 million square feet of commercial space and 2+ million square feet of Campus/Research district space. The Reuse Project will create housing and jobs for about 28,000 residents.

Concord is glad to see that the potential use of EIFDs as a tool to finance economic development projects is under discussion. We are exploring it as a potential financing source for the Reuse Project.

However, we are concerned that an element in the County's proposed policy on participation will hamper the effective use of EIFDs in Contra Costa County. The affordable housing commitment of 50% in a "Residential development component" found in Section 3(ii)4 of the draft dated

September 22, 2021 will make it very difficult to use this financing tool; potentially jeopardizing the largest source of future tax increment and, ironically, funding for affordable housing.

As an alternative, Concord supports the creation of an Affordable Housing Trust Fund from Property Tax Increment Revenue; an idea suggested as Option 2 by the City of Brentwood in their letter to the County:

Option 2 – Affordable Housing Trust Fund from Property Tax Increment Revenue

The City would be open to exploring the set-aside of tax increment revenue to an EIFD Housing Trust Fund, similar to the formula allowed by California Redevelopment Law, which was historically a percentage of 20% of tax increment generated. The purpose of the EIFD Housing Trust Fund would be to allocate and target select affordable housing generation projects in each EIFD to spur community revitalization and enhance economic development opportunities across income levels. The governing Public Finance Authority for each EIFD would be able to select, or defer to the City Council to select, affordable housing projects; and/or affordable housing infrastructure projects to receive a direct financial subsidy from the district.

Residential development projects that receive a direct financial subsidy, as defined in State and EIFD law, from the a joint City-County Public Financing Authority (PFA), could be required meet a 50% affordable housing commitment, 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% of dwelling units generated, or as an alternative, as generally consistent with the City of Brentwood Municipal Code Chapter 17.725 Affordable Housing.

This Trust Fund mechanism would allow the Reuse Project to seek County participation in using EIFDs as a financing tool, while still addressing our affordable housing commitments found in the Area Plan and negotiated with local affordable housing providers in a responsible manner.

Thank you for your time and consideration. Please contact me if I can answer any questions.

Sincerely,



Valerie Barone, City Manager
City of Concord

Copy: Supervisor Karen Mitchoff
Mayor Tim McGallian
Vice Mayor Dominic Aliano
Councilmember Edi Birsan
Councilmember Laura Hoffmeister
Councilmember Carlyn Obringer
Guy Bjerke, Director of Economic Development and Base Reuse
Justin Ezell, Assistant City Manager

October 22, 2021

Tim Ewell
Chief Assistant County Administrator
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Mr. Ewell:

Thank you for the opportunity to provide feedback regarding the proposed County Board Policy on Participation in Enhanced Infrastructure Financing Districts (EIFDs).

The City of Walnut Creek is home to approximately 7 million square feet of commercial space specifically zoned for office and light industrial space. These spaces are home to medical uses and Fortune 500 companies, providing over 30,000 jobs throughout the city. These employees travel from throughout the county to Walnut Creek as one of the region's major employment centers. As such, we see a great opportunity to participate in an EIFD to further job creation in the region, if the conditions are feasible and conducive to development.

Following are our comments and feedback on the proposed Policy, with suggestions on how this program can best help Contra Costa communities attract and retain large employers.

Term of County Participation in EIFD

- 1. Maximum Term.** The maximum term of 25 years seems to be shorter than normal, as most commercial financing requires a 30-year horizon. Maintaining a 30-year timeframe would achieve consistency across the usual financing platforms. Additionally, cursory research has shown other EIFD terms to exceed this timeframe, largely due to the scale and nature of the projects. This restrictive timeframe could potentially limit the effectiveness of the project itself.
- 2. Procedures for Extension.** Is the extension to occur in advance of the project or near the end of the currently proposed 25-year horizon? It would be helpful to have this pre-approved so appropriate parties can plan as needed.
- 3. Termination Prior to End of Term.** The 2- to 3-year deadline on start of projects would need to be further defined, as land acquisition, entitlements, coordination with other agencies, and other factors would need to be considered and will affect the actual start of the project.



Required Elements for City Proposals

1. **Demonstration of Social Benefits.** While the list of requirements for employment are objectives any city would strive to achieve for the benefit of the community, meeting all of the conditions may preclude otherwise beneficial projects. We would suggest removing the "and" to allow for meeting some or most of the conditions. Additionally, further clarification on the following phrase would be helpful: "proposed projects should contribute significantly toward addressing the County's overall jobs-housing balance". As you know, certain projects may provide a lower number of jobs but with high wages, vs. companies that employ a greater number of people but possibly at just above minimum wage.

County Analysis of City Proposal

We would suggest an agreed upon not-to-exceed amount for outside consultants, perhaps as a percentage of total estimated County benefit.

Miscellaneous Provisions

As the County knows, each city has the increased RHNA requirements recently stipulated by the State. This provision will be difficult to accommodate given the need to meet the State's requirements as a city.

While we appreciate the County's consideration of a policy, we would also point out that each city's property tax distribution is obviously less than that of the County's, yet the proposed policy expects equal contribution from cities that participate. We would suggest a more balanced approach to contributions to any established EIFDs.

Thank you again for the opportunity to provide feedback. We are available for further discussion in exploring how this policy can be beneficial for the Contra Costa region.

Sincerely,

Dan Buckshi, City Manager
City of Walnut Creek

CC: Supervisor Candace Andersen
Supervisor Karen Mitchoff
Mayor Kevin Wilk
Mayor Pro Tem Matthew Francois
Councilmember Cindy Darling
Councilmember Loella Haskew
Councilmember Cindy Silva
Teri Killgore, Assistant City Manager

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POLICE
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**PUBLIC WORKS
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October 12, 2021

Timothy Ewell
Chief Assistant County Administrator
Contra Costa County
1025 Escobar Street, 4th Floor
Martinez, CA 94553

via: timothy.ewell@cao.cccounty.us

Re: Policy on Participation in Enhanced Infrastructure Finance Districts (EIFDs)

Mr. Ewell:

Thank you for the opportunity to provide comments to the prospective County Board Policy on Participation in Enhanced Infrastructure Finance Districts (EIFDs) through the Public Managers Association (PMA).

As of September 28, 2021, the Brentwood City Council approved a Resolution of Intention (ROI) to form a Public Financing Authority and further consider establishing of two EIFDs; The Innovation Center EIFD and the Brentwood Boulevard – Downtown EIFD. More information at: <https://www.brentwoodca.gov/gov/cd/ed/eifds.asp>

The Brentwood City Council has directed staff to coordinate with your office and the Board of Supervisors to seek participation in both EIFDs following joint agreement on policy objectives and proposed economic development outcomes for the districts. City staff agree and support the County proposed EIFD policy in concept, but for one major policy implementation hurdle, and welcome a prospective partnership to create new commercial and job generation opportunities for Brentwood and East County.

Based on verbal direction from the County Board Finance Committee to County staff on September 13, 2021 and the provided Policy to the PMA, the City desires to underscore that an Affordable Housing Commitment of 50% of all privately owned housing units to be developed within a District boundary is neither enforceable nor feasible.

This policy requirement is in conflict with the City of Brentwood General Plan. The City would have no mechanism to enforce affordable housing obligations on private property developers and owners, unless that residential developer expressly received a public subsidy to construct its project or voluntarily constructed affordable housing. It should be noted that residential development with 50% or more affordability would likely severely limit taxable assessed value and tax increment funding capacity created within these districts, as affordable units are often built and owned through property-tax exempt entities.

The City suggests the following options for the County to consider in establishing affordable housing components within an EIFD Policy:

Option 1 – Affordability Requirement – 10% Inclusionary Housing Production Requirement of All Residential Housing Developments Resulting in over five or more subdivided lots or dwelling units

A 10% inclusionary requirement would be applied to all new housing development consistent with Brentwood Municipal Code Chapter 17.725 Affordable Housing; including new residential developments of five or more lots or dwelling units designed and intended for residential occupancy in the city.

Dwelling units located within the Brentwood city limits, and within the proposed EIFDs, for very low-, low- and moderate-income households as required by this chapter shall be allocated by the following percentages:

Ownership Development	
Moderate-Income Households	3%
Low-Income Households	4%
Very Low-income Households	3%
Rental Development	
Low-Income Households	5%
Very Low-Income Households	5%

More information about application of the 10% affordable housing requirement can be found at: http://qcode.us/codes/brentwood/view.php?topic=17-x-17_725-17_725_003&frames=on

Option 2 – Affordable Housing Trust Fund from Property Tax Increment Revenue

The City would be open to exploring the set-aside of tax increment revenue to an EIFD Housing Trust Fund, similar to the formula allowed by California Redevelopment Law, which was historically a percentage of 20% of tax increment generated. The purpose of the EIFD Housing Trust Fund would be to allocate and target select affordable housing generation projects in each EIFD to spur community revitalization and enhance economic development opportunities across income levels. The governing Public Finance Authority for each EIFD would be able to select, or defer to the City Council to select, affordable housing projects; and/or affordable housing infrastructure projects to receive a direct financial subsidy from the district.

Residential development projects that receive a direct financial subsidy, as defined in State and EIFD law, from the a joint City-County Public Financing Authority (PFA), could be required to meet a 50% affordable housing commitment, 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% of dwelling units generated, or as an alternative, as generally consistent with the City of Brentwood Municipal Code Chapter 17.725 Affordable Housing.

Thank you for your time and consideration. Please contact me if I can answer any questions.

Sincerely,



Tim Y. Ogden
City Manager

cc: City of Brentwood Economic Development Division
City of Brentwood Community Development Department



State of California

GOVERNMENT CODE

Section 53398.51.1

53398.51.1. (a) The public financing authority shall have a membership consisting of one of the following, as appropriate:

(1) If a district has only one participating affected taxing entity, the public financing authority's membership shall consist of three members of the legislative body of the participating entity, and two members of the public chosen by the legislative body. The legislative body may appoint one of its members to be an alternate member of the legislative body who may serve and vote in place of a member who is absent or disqualifies themselves from participating in a meeting of the authority. The appointment of the public members shall be subject to the provisions of Sections 54970 and 54972.

(2) If a district has two or more participating affected taxing entities, the public financing authority's membership shall consist of a majority of members from the legislative bodies of the participating entities, and a minimum of two members of the public chosen by the legislative bodies of the participating entities. A legislative body of a participating affected taxing entity may appoint one of its members to be an alternate member of the legislative body who may serve and vote in place of a member who is absent or disqualifies themselves from participating in a meeting of the authority. The appointment of the public members shall be subject to the provisions of Sections 54970 and 54972.

(3) If a district has more than three participating affected taxing entities, the legislative bodies of the taxing entities may, upon agreement by all participating affected taxing entities, appoint only one member and one alternate member of their respective legislative bodies to the public financing authority, and a minimum of two members of the public chosen by the legislative bodies of the participating entities. The appointment of the public members shall be subject to the provisions of Sections 54970 and 54972.

(4) For purposes of this subdivision, "legislative body" may include a directly elected mayor of a charter city who is not a member of the city's legislative body under the city's adopted charter.

(b) The legislative body shall ensure the public financing authority is established at the same time that it adopts a resolution of intention pursuant to Section 53398.59.

(c) Members of the public financing authority established pursuant to this chapter shall not receive compensation but may receive reimbursement for actual and necessary expenses incurred in the performance of official duties pursuant to Article 2.3 (commencing with Section 53232) of Chapter 2.

(d) Members of the public financing authority are subject to Article 2.4 (commencing with Section 53234) of Chapter 2.

(e) The public financing authority created pursuant to this chapter shall be a local public agency subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950)), the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1), and the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)).

(f) Notwithstanding any other law, any member of the legislative body of a participating affected taxing entity who serves as a member of the public financing authority pursuant to this section may also serve as a member of the governing body of an agency or entity formed pursuant to an agreement for the joint exercise of power that the participating affected taxing entity has entered into in accordance with the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1).

(Amended by Stats. 2021, Ch. 391, Sec. 1.5. (SB 780) Effective January 1, 2022.)