

**County of Monterey
Board Policy Manual**

Policy Name Enhanced Infrastructure Financing District Participation Policy	Policy Number	Page
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Policy Category Accounting, Financing, and Purchasing		

I. Purpose

a. See attached.

II. Background

a. See attached.

III. Policy

a. See attached.

IV. Procedure

a. See attached.

V. Review Date

a. This Policy will be reviewed for continuance by October 15, 2028.

VI. Board Action

a. Legistar File Number: 23-790, October 17, 2023 (Approved)

County of Monterey
ENHANCED INFRASTRUCTURE FINANCING
DISTRICT PARTICIPATION POLICY

The County of Monterey (County) supports economic development projects benefiting the residents of the County. As such, the County will consider proposals from cities seeking financial partnership through a joint city-county Enhanced Infrastructure Financing District (EIFD). The County is particularly interested in supporting projects that provide for a jobs/housing balance; therefore, will prioritize Commercial and Industrial developments that promote creation of above minimum wage jobs within the region. Pursuant to this EIFD Policy, projects that offer private investment to leverage invested public funds will be viewed favorably by the County.

Proposals shall be submitted for review to the County Administrative Office's Economic Development Division and include the following components:

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 contributes, 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's share of future *ad valorem* property tax increment generated in the proposed geographic area of the EIFD, as defined further in Section 1(d).
- c. Correlation of Contributions. If the contributions from Section 1 (a) and (b) result in a lower city contribution than the County, then the city must increase its contribution to be at least equal the County's contribution.
- d. Limitations on Tax Increment. The County's tax increment contribution 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

- a. Maximum Term. The County will participate in a joint city-county EIFD for a period not to exceed 25 years, allowing consistency when evaluating requests by multiple jurisdictions and intergenerational equity as indicated in the County's debt policy.

b. Procedures for Extension.

- i. The County plans to enter joint city-county partnerships for projects requiring a regional funding approach best suited for an EIFD model with a duration consistent with Section 2(a) with the assumption that future extensions will be unnecessary.
- ii. The County will review options for extending its participation in an existing EIFD, at the discretion of the County Board of Supervisors, upon receipt of an amended proposal from a city as outlined in Section 3 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. Amended proposals must be received by the County Administrative Office's Economic Development Division no later than six months (180 days) prior to the end of term.

c. Termination Prior to End of Term.

- i. *Non-Performance.* If project construction has not commenced within two-years following creation of a joint city-county 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 city-county 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) 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 involved city will agree to the terms set forth in Section 2(c)(i-ii) above as a condition of submitting its proposal to the County for review.

d. Governance.

- i. The County will receive a minimum of one seat at the governing body for the EIFD.
- ii. The composition of the EIFD governing board will include a member from the County, who will be a sitting member of the Board of Supervisors representing the supervisorial district within which the project is situated. This will ensure the County's representation aligns closely with the specific geographical area of the project's location.

3. Required Sections for the Proposal

- a. Executive Summary. This section must provide an overview of the city's proposal in a summary form in plain language, which is easy to read and understand by members of the public. The summary must outline proposed project, including its financial impacts and the social benefits to the community.

b. Project Description. This section must provide details related to the proposed project, including the following aspects:

i. Proposed Project Details.

1. Map(s) including:

- Assessor's Parcel number(s)
- Name and address of legal owner and project proponent
- General locations of lots and structures
- Access points to public transit
- Vicinity map showing sufficient details to locate the proposed project location and its relation to the community, current surrounding land uses, and city limits, existing spheres of influence and approved urban growth boundaries/edges

2. Narrative of the commercial, industrial, and/or residential uses proposed including:

- General description of the use
- Square footage of lots and structures
- Number of employees (temporary and permanent)
- Expected pay range and job types to be generated;
- Access points to public transit or other traffic demand management
- Number of residential units to be constructed or residential lots to be created for future construction
- Type of residential units (multifamily, single family, mixed use, or condominium/townhouses) and number of employee housing units, if any;
- Number of total residential units and unit count by affordable level with anticipated Average Median Income (AMI): very low income (50% or less AMI); low income (80% or less AMI); moderate income (120% or less AMI); and above moderate income (greater than 120% AMI);
- Should a residential use not be encompassed within the project scope, then a comprehensive analysis is required to determine the impact the project will have on the housing market within the immediate area, along with a plan aimed at mitigating any adverse effects on housing availability and affordability;
- Any other uses, structures, or metrics that are relevant; and
- Description of how the proposed project is consistent with any existing agreement between the County and city related to coordinated land use planning and orderly growth at the County-city edge.

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 city-county EIFD model is the best approach to implement the 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, Equity and Resilience
 - e) Affordable Housing
 3. To be considered favorably relative to workforce development / job creation benefits, proposed projects should generate a significant number of temporary construction jobs and new permanent jobs that cover a range of job types and industries, serve the workforce characteristics of the County's 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.
 4. Projects including a residential development component should include a mix of units with a high percentage of units affordable very low, low, or moderate income households. In no case shall the housing include less than 20% of the units affordable to lower income households.
- 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. Submission of a proposed budget to allocate resources to both city and county staff and administrative expenses throughout the duration of the EIFD's existence
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 proposal must determine that there is a positive net financial impact to the County's finances.

4. County Analysis of City Proposal. While 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 require the city and County explore options for crediting some of the new housing toward the County's Regional Housing Needs Allocation.