



COUNTY OF HUMBOLDT

For the meeting of: 2/15/2022

File #: 22-118

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Departmental

SUBJECT:

Resolution Approving the Samoa Peninsula Enhanced Infrastructure District (EIFD) Infrastructure Financing Plan (IFP)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Adopt a Resolution approving the Samoa Peninsula EIFD IFP.

SOURCE OF FUNDING:

General Fund (1100) - Property Tax
Economic Development (1120-275)

DISCUSSION:

EIFD OVERVIEW

The California Legislature authorized the formation of Enhanced Infrastructure and Financing Districts (EIFDs) in 2014 through Senate Bill 628, and the statutory framework for EIFDs, which has been amended multiple times since 2014, is codified in Chapter 2.99 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53398.50) (EIFD Law).

An EIFD is a special district which using tax increment financing to aid communities in funding a wide and diverse variety of public capital improvement projects and other projects of community-wide significance as set forth in state law. The EIFD does not impose a new tax. Added improvements gained through EIFD funding supports future development and results in increased property values. This generates tax increments, or increased property tax revenues above the “base year,” which can then be leveraged for additional improvements.

Affected taxing entities are not required to contribute their tax increment to the EIFD. Participation in the EIFD is voluntary. Each tax sharing entity which elects to join an EIFD has the option to allocate up to 100% of its portion of tax increment to the district. Under the EIFD law, school districts are

precluded from participation.

BACKGROUND

Beginning in May of 2019, staff presented a report on the lack of modern and working infrastructure on the Samoa Peninsula, and the Board directed staff to establish a task force whose purpose was to engage in inter-departmental communication concerning Responsible Engagement for the Development of Infrastructure (REDI) (Agenda item 19-642 from May 21, 2019).

In September of 2019 staff provided an overview of partnership and financing options for infrastructure development on the Samoa Peninsula, based on findings of the REDI task force initiative. The Board directed staff to explore financing vehicles for infrastructure development, and to work with stakeholders sharing a vested interest in infrastructure development on the Samoa Peninsula.

In March of 2020, the county formed the Samoa Peninsula Infrastructure Workgroup (Workgroup), with the purpose to “explore potential funding opportunities to create and/or improve existing infrastructure on the Samoa Peninsula which may include the possibility of creating an entity that can seek resources for the infrastructure needs of the Samoa Peninsula for economic development improvements and the betterment of the community members who live there and the economy of Humboldt County.” Through the Workgroup and communication with state partners, staff identified the EIFD as the preferred infrastructure improvement investment vehicle.

On June 29, 2021, your Board of Supervisors adopted Resolution of Intention (Resolution No. 21-68) to form the Samoa Peninsula Enhanced Infrastructure Financing District (EIFD) and established the Public Financing Authority (PFA) to be the governing body of the EIFD.

On Oct. 19, 2021, staff presented the proposed Samoa Peninsula EIFD and draft Infrastructure Financing Plan (IFP) to the PFA and the public. The IFP is a legal document required by legislation and which describes the EIFD and specific requirements related to financing and implementing goals of the EIFD.

On Dec. 14, 2021, the PFA held the first public hearing of the Samoa Peninsula EIFD to hear all written and oral comments, but took no action.

On Jan. 25, 2022, the PFA held the second Public Hearing of the Samoa Peninsula EIFD to hear additional written and oral comments, but took no action to modify or reject the IFP.

SAMOA PENINSULA EIFD

The proposed Samoa Peninsula EIFD encompasses approximately 2,243 acres along the Samoa Peninsula, south and west of the Highway 255 bridge. Using the tax increment from large-scale development within the district, the EIFD will be used to fund a variety of projects which benefit the community and surrounding areas. More information about the Samoa Peninsula EIFD can be found in the draft IFP (**Attachment 2 & Appendices**) which includes:

- A Description of The District
- A Description of Proposed Facilities and Development
- Findings of Community-wide Significance
- A Financing Section
- Goals of the District

An updated summary of the key actions for establishing the EIFD, as well as estimated dates of completion, is provided in the Samoa Peninsula EIFD Creation Timeline (**Attachment 3**).

The PFA will hold three Public Hearings to hear and consider public comment before final adoption of the IFP and establishment of the EIFD. Adoption of the IFP also requires approval by your Board, which staff will seek following the second Public Hearing.

FINANCIAL IMPACT:

Developing and maintaining public infrastructure on the Samoa Peninsula is central to promoting economic prosperity, meeting energy goals, creating jobs, and enhancing quality of place and life in Humboldt County. The county has committed 75% of its property tax increment for property within the EIFD to see that these goals are met. Multiple proposed projects on the Samoa Peninsula will require functional infrastructure to succeed, and a fiscal impact analysis based on the current tax increment commitment shows that this development will generate an estimated \$261.1 million in annual ongoing economic output in the county and have an estimated total net fiscal impact of \$52.8 million, in present value dollars, to the General Fund throughout the expected lifetime of the EIFD.

Existing staff resources from various departments, including the County Administrative Office - Economic Development Division, the Planning and Building Department, County Counsel, the Clerk-Recorder's Office, the Auditor-Controller, the Assessor, and the Treasurer Tax Collector, will be instrumental in initial EIFD formation, including the preparation of the IFP. Cumulative staff hours across these departments for the initial establishment of the EIFD are anticipated to be 520 staff hours per fiscal year, for the first 2 years, or \$33,800 per fiscal year.

Once EIFD activity increases staff time to support the EIFD is expected to increase. Until self-sufficient, this staff commitment would need to be funded through existing department budgets or through an increase from the General Fund, at your Board's discretion. EIFD law does provide that 10% of tax increment generated in the first 2 years may be allocated to formation planning for the EIFD. The estimated administrative costs of approximately \$35,000 annually will be paid for through the EIFD fund, to be created following establishment of the Samoa Peninsula EIFD.

Additionally, the county has entered into a Professional Service Agreement with Kosmont Companies who will provide critical information, guidance, expertise, and document

preparation, as needed, during the formation period of the EIFD. The maximum amount payable for these services is \$20,000. Expenses related to this contract were included in the FY 2021-22 budget in Economic Development (1120-275). Staff are tracking all financial transactions related to development of the EIFD and will seek reimbursement from the EIFD fund when it begins generating revenue.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by supporting business, workforce development and creation of private-sector jobs .

OTHER AGENCY INVOLVEMENT:

State of California Governor's office of Economic Development, Humboldt County Assessor, Humboldt County Treasurer Tax Collector, the Samoa Peninsula Community Services District, the Manila Community Services District, the Humboldt Bay Municipal Water District, the City of Eureka, the City of Arcata, Humboldt County Public Works, Kosmont Companies

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board Discretion

ATTACHMENTS:

1. Resolution to Adopt the Samoa Peninsula IFP
2. Samoa Peninsula EIFD Draft Infrastructure Financing Plan
 - a. APPENDIX A - Legal Description
 - b. APPENDIX B - Boundary Map
 - c. APPENDIX C - Projected Tax Increment Revenue Analysis
 - d. APPENDIX D - Fiscal Impact Analysis
 - e. APPENDIX E - General Plan EIR
3. Samoa Peninsula EIFD Creation Timeline

PREVIOUS ACTION/REFERRAL:

Board Order No.: K-1, I-2, I-1, I-1, L-2, D-12, L-1, L-2, L-2

Meeting of: May 21st, 2019, Sept. 3rd, 2019, March 17th, 2020, June 29th, 2021, July 20th, 2021, Sept. 14th, 2021, Sept. 21st, 2021, Oct. 19th, 2021, Dec. 14th, 2021, Jan. 25th, 2021

File No.: 19-642, 19-1246, 20-204, 21-68, 21-1001, 21-1229, 21-1319, 21-1448, 21-1703, 22-17