

RESOLUTION NO. NS-30,457

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ DECLARING ITS INTENTION TO ESTABLISH THE SANTA CRUZ ENHANCED INFRASTRUCTURE FINANCING DISTRICT TO FINANCE THE CONSTRUCTION, REPAIR, ACQUISITION, AND/OR MAINTENANCE OF CAPITAL IMPROVEMENTS AND FACILITIES, INCLUDING THE ACQUISITION AND/OR REMEDIATION OF LAND FOR SUCH IMPROVEMENTS AND FACILITIES; ESTABLISHING A PUBLIC FINANCING AUTHORITY; AND AUTHORIZING CERTAIN OTHER ACTIONS RELATED THERETO

WHEREAS, SB 628, effective as of January 1, 2015, allows a city or county to create a separate government entity known as an "Enhanced Infrastructure Financing District" (EIFD) within a defined area to finance certain infrastructure projects with community-wide benefits; and

WHEREAS, pursuant to Chapter 2.99 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53398.50) (the "EIFD Law"), the City Council of the City of Santa Cruz ("Council") is authorized to initiate the process to establish an EIFD; and,

WHEREAS, EIFDs are financed through tax increment generated from the growth in property taxes collected from within a designated district boundary. There are no new taxes or impacts to the property owner within an established EIFD; and,

WHEREAS, EIFD tax increment may be used to pay for a variety of public facilities and other projects authorized by the EIFD Law within the established EIFD boundaries or outside of the established EIFD boundaries if there is a tangible connection to the work of the EIFD, including but not limited to infrastructure such as roads, utilities, streetscapes, parks and public recreation, or other community facilities. Funding may also be used to facilitate public-private activities by enticing development with infrastructure development and expansion, including new industrial-manufacturing facility construction and repair, and brownfields remediation. Affordable housing, including affordable senior housing, is also an eligible activity; and,

WHEREAS, the City retained Kosmont & Associates, Inc. DBA Kosmont Companies as a consultant to prepare an evaluation of EIFD implementation feasibility; and,

WHEREAS, the prerequisites set forth in Government Code Section 53398.54 have been complied with prior to the City initiating the creation of or participating in the governance of the EIFD, and the City will provide the required certification to the California Department of Finance ("DOF") in accordance with the EIFD Law; and,

WHEREAS, the proposed boundaries of the Santa Cruz EIFD are identified on Exhibit A entitled "Proposed Santa Cruz EIFD Boundary", a copy which is on file in the office of the City Clerk; and,

WHEREAS, the EIFD will be governed by a Public Financing Authority ("PFA") board which will be responsible for implementing the Infrastructure Financing Plan for the EIFD ("IFP"),

and the PFA is required to be established by the City Council at the same time that the City Council adopts its intention to form the proposed EIFD; and,

WHEREAS, this action is exempt from the California Environmental Quality Act ("CEQA") as an action solely related to financing and is not in-and-of itself a "project" (pursuant to CEQA Guidelines Section 15378) since it does not result in a physical change in the environment because the City has not committed itself to fund any specific projects through the EIFD. However, future actions (such as the funding and/or approval of infrastructure improvements using funding from the EIFD) will be subject to environmental review in accordance with CEQA.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA CRUZ HEREBY RESOLVES AS FOLLOWS:

- Section 1. The City Council of the City of Santa Cruz proposes and intends to cause the establishment of an EIFD under the provisions of the EIFD Law.
- Section 2. The name proposed for the EIFD shall be the "Santa Cruz Enhanced Infrastructure Financing District."
- Section 3. The proposed boundaries of the EIFD are as shown on Exhibit A attached hereto, which are preliminarily approved and on file in the office of the City Clerk and incorporated herein by reference.
- Section 4. The types of public facilities and development proposed to be financed or assisted by the EIFD pursuant to the EIFD Law are those listed on Exhibit B, attached hereto and incorporated herein by reference.
- Section 5. The City Council hereby finds that the EIFD is necessary for the area within the boundaries of the EIFD and the City. The City Council's stated goals for the EIFD are to create a means by which to assist in the provision of public facilities or other specified projects of communitywide significance that provide significant benefits to promote economic development of, and enhance quality of life within, the boundaries of the EIFD or the surrounding community.
- Section 6. The City Council hereby declares that, pursuant to the EIFD Law and if approved by resolution pursuant to Government Code Section 53398.68, incremental property tax revenue from the City of Santa Cruz and some or all other affected taxing entities within the EIFD may be used to finance the activities described in Section 4 and listed on Exhibit B. The incremental property tax financing will be described in an IFP to be prepared for approval by the PFA, the City Council, and the legislative bodies of all participating taxing entities under EIFD Law.
- Section 7. The City or County of Santa Cruz may allocate tax revenues derived from local sales and use taxes imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the

Revenue and Taxation Code) or transactions and use taxes imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code) to the EIFD pursuant to Government Code Section 53398.75.5, if applicable. The City Council does not intend to contribute sales and use taxes or transactions and use taxes to the EIFD.

Section 8. The City Council hereby establishes the “Public Financing Authority of the Santa Cruz Enhanced Infrastructure Financing District” to serve as the governing board of the EIFD:

- A. The PFA membership shall be comprised initially of three members of the City Council appointed by the City Council and two public members selected by the City Council. Members shall serve at the pleasure of the City Council, as the case may be, and shall serve until their successor assumes office.
- B. The City Council further declares that, pursuant to Government Code Section 53398.51.1, should another taxing entity agree to participate as a taxing entity, then the PFA membership shall be modified in accordance with Government Code Section 53398.51.1. For example, if the County of Santa Cruz (“County”) agrees to participate as a taxing entity and the participating taxing entities consist of the City and the County, then the PFA membership shall be modified to be two members of the City Council, one member of the County Board of Supervisors (“Board of Supervisors”), one member of the public appointed by the City Council, and one member of the public appointed by the Board of Supervisors. Members shall serve at the pleasure of their respective appointing legislative bodies and shall serve until their successor assumes office.
- C. The legislative body of each participating taxing entity may appoint one of its members to be an alternate member of the PFA board who may serve and vote in place of a member who is absent or disqualifies themselves from participating in a meeting of the PFA.
- D. The members are subject to compliance with the EIFD Law and all applicable ethics laws, including Article 2.4 (commencing with Section 53234) of Chapter 2 of the Government Code.
- E. The City Council, and the governing bodies of any other participating entities shall comply with Government Code Section 54974.

Section 8. The City Council hereby sets the time and place for a public hearing of the PFA, the proposed EIFD and IFP, to be held on August 4, 2025, at 2:30 p.m., or as soon thereafter as the matter may be heard, at City Hall Council Chambers, 809 Center Street, Santa Cruz, CA 95060.

- Section 9. Pursuant to Government Code Section 53398.60, the City Clerk is hereby directed to mail a copy of this Resolution to the PFA and each owner of land (as defined in the EIFD Law), or alternatively with respect to the owners of land may mail a single-page notice of intention identified in Government Code Section 53398.60(b), within the EIFD and to each affected taxing entity (as defined in the EIFD Law). In addition, the City Clerk is hereby directed to cause notice of the public hearing to be published not less than once a week for four successive weeks in a newspaper of general circulation published in the City. The notice shall state that the EIFD will be used to finance public works, briefly describe the facilities, briefly describe the proposed financial arrangements, including the proposed commitment of incremental tax revenue, describe the boundaries of the proposed EIFD and state the day, hour, and place, when and where any persons having any objections to the proposed IFP, or the regularity of any of the prior proceedings, may appear before the PFA and object to the adoption of the proposed IFP.
- Section 10. The Successor Agency to the Redevelopment Agency of the City of Santa Cruz (Successor Agency) has received a finding of completion, as specified in California Health and Safety Code Section 34179.7.
- Section 11. In accordance with Government Code Section 53398.54, the City certifies to the DOF and to the PFA that no former Redevelopment Agency of the City of Santa Cruz (Former RDA) assets that are the subject of litigation involving the State of California, where the City or the Successor Agency are a named plaintiff, have been or will be used to benefit any efforts of the EIFD unless the litigation and all possible appeals have been resolved in a court of law. The City Clerk is authorized and directed on behalf of the City to provide or make this certification to the DOF within 10 days after the City Council's action to participate in the EIFD pursuant to Government Code Section 53398.68 or the City Council's action to form the EIFD pursuant to Government Code Section 53398.69, by delivery of a copy of the appropriate Resolution or signing a separate certification, if and as required by the DOF.
- Section 12. The State Controller has completed its review as specified in California Health and Safety Code Section 34167.5 of asset transfers between the Former RDA, the City or any other public agency. The Successor Agency and the City have complied with all of the State Controller's findings and orders stemming from such review.
- Section 13. This Resolution in no way obligates the PFA to establish any EIFD.
- Section 14. If any section, subsection, phrase or clause of this Resolution is for any reason found to be invalid, such section, subsection, phrase or clause shall be severed from, and shall not affect the validity of, all remaining portions of this Resolution that can be given effect without the severed portion.
- Section 15. This Resolution shall take effect immediately upon its adoption.

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Section 16. The City Manager, or designee, is hereby authorized and directed to take all actions necessary or advisable to give effect to the transactions contemplated by this Resolution.

Section 17. The City Clerk of the City of Santa Cruz shall certify as to the adoption of this Resolution.

PASSED AND ADOPTED this 25th day of March, 2025, by the following vote:

AYES: Councilmembers Trigueiro, Newsome, Golder, O'Hara; Vice Mayor Kalantari-Johnson; Mayor Keeley.

NOES: None.

ABSENT: None.

DISQUALIFIED: Councilmember Brunner.

APPROVED: _____

Fred Keeley, Mayor

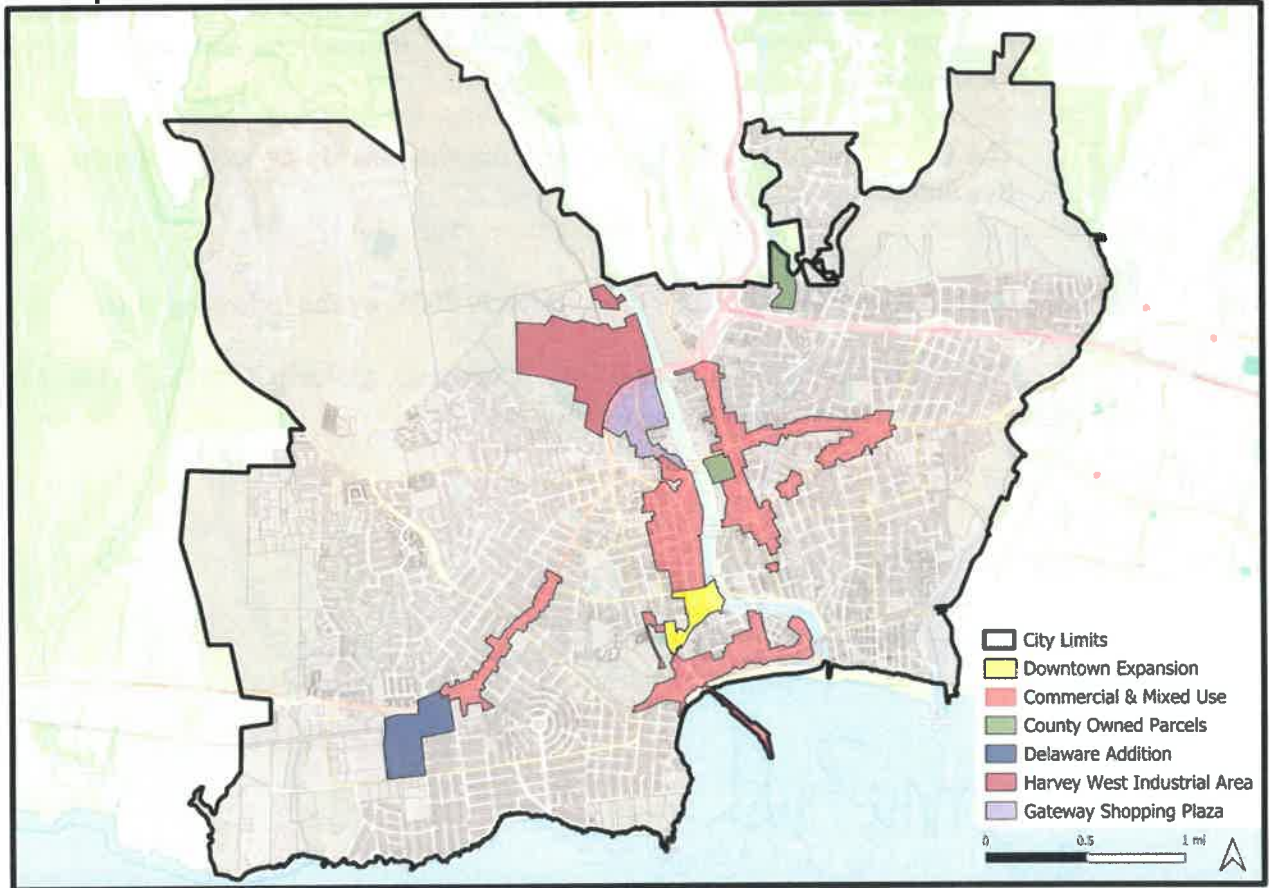
ATTEST: _____

Bonnie Bush, City Clerk Administrator

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EXHIBIT A

Proposed Santa Cruz Enhanced Infrastructure Financing District (EIFD) Boundaries



*Proposed EIFD parcels highlighted in red, yellow, blue, green, and purple (approx. 543 acres).
Santa Cruz City boundaries noted in black.*

**CITY OF SANTA CRUZ
ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD)
LIST OF AUTHORIZED PUBLIC FACILITIES**

The Santa Cruz EIFD may finance the purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real tangible property with an estimated useful life of 15 years or longer which are public capital facilities or other projects of community-wide significance that provide significant benefits to the EIFD or the surrounding community. The EIFD may also finance the ongoing or capitalized costs to maintain public capital facilities financed in whole or in part by the EIFD. Facilities funded may be located outside the boundaries of the EIFD, as long as they have a tangible connection to the work of the EIFD as detailed in the infrastructure financing plan. The EIFD may also finance the planning and design work that is directly related to the purchase, construction, expansion, or rehabilitation of property. The EIFD may finance costs described in Government Code Sections [53398.52 [list of eligible improvements]] 53398.56 [replacement housing and relocation obligations if required by actions of EIFD] and 53398.57. Projects financed by the EIFD may include, but not be limited to, all of the following:

- Highways, interchanges, and ramps;
- Bridges;
- Arterial streets;
- Parking facilities;
- Transit facilities;
- Parks, recreational facilities, and open space;
- Sewage treatment and water reclamation plants and interceptor pipes;
- Facilities for the collection and treatment of water for urban uses;
- Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles;
- Storm water conveyance and collection facilities;
- Flood control levees and dams, retention basins, and drainage channels;
- Child care facilities;
- Libraries;
- Broadband and telecommunications infrastructure;
- Sidewalks and streetscape improvements;
- Bicycle lanes and paths;
- Public art;
- Corporation yards;
- Police facilities;
- Brownfield restoration and other environmental mitigation;
- Affordable housing as authorized under the EIFD Law;
- Projects that implement a sustainable communities strategy and transit priority projects;
- Acquisition, construction, or repair of industrial structures for private use;
- Acquisition, construction, or repair of commercial structures by the small business occupant of such structures, if such acquisition, construction, or repair is for purposes of fostering economic recovery from the COVID-19 pandemic and of ensuring the long-term economic sustainability of small businesses;
- Projects that enable communities to adapt to the impacts of climate change, including, but not limited to, higher average temperatures, decreased air and water quality, the spread of infectious and vector-borne diseases, other public health impacts, extreme weather events, sea level rise, flooding, heat waves, wildfires, and drought;

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EXHIBIT B

**CITY OF SANTA CRUZ
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LIST OF AUTHORIZED PUBLIC FACILITIES**

- Facilities in which nonprofit community organizations provide health, youth, homeless, and social services.

Other Expenses

In addition to the direct costs of the above facilities, other incidental expenses as authorized by the EIFD Law, including, but not limited to, the cost of environmental evaluation and environmental remediation; engineering and surveying; construction staking; utility relocation and demolition costs incidental to the construction of the facilities; costs of project/construction management; costs (including the costs of legal services) associated with the creation of the EIFD; costs of issuance of bonds or other debt of the EIFD, of a community facilities district of the City, or of any other public agency for authorized facilities and payment of debt service thereon; financing costs of improvements incurred by developers until reimbursement from the EIFD; costs incurred by the County or the EIFD in connection with the division of taxes pursuant to Government Code Section 53398.75; or costs otherwise incurred in order to carry out the authorized purposes of the EIFD; reimbursements to other areas for facilities serving the EIFD; and any other expenses incidental to the formation and implementation of the EIFD and to the construction, completion, inspection and acquisition of the authorized facilities.