



City Council Agenda Report
March 18, 2025

TO: Honorable City Council

FROM: Jesus M. Gomez, City Manager

BY: Alex Hamilton, Interim Director of Community Development

SUBJECT: RESOLUTION NO. 25-09 - RESOLUTION OF INTENTION TO FORM AN ENHANCED INFRASTRUCTURE FINANCING DISTRICT - ESTABLISH THE NORWALK ENHANCED INFRASTRUCTURE FINANCING DISTRICT PUBLIC FINANCE AUTHORITY AND APPOINT MEMBERS

Background:

As a result of the elimination of redevelopment agencies in California, the City lost a tax increment financing (TIF) tool to invest in public facilities supporting the development of communities. In 2014, Senate Bill 628 created a new tax increment financing tool called the Enhanced Infrastructure Financing District (EIFD). The original legislation has been amended to modify the EIFD formation procedural requirements and requirements to issue bonds to finance infrastructure.

Statement of Facts:

EIFDs aid cities in funding public facilities and other public investments to foster future development and increase property values. By capturing tax increment revenue generated within the district as new development occurs and property values increase over time, like a redevelopment project area, a portion of tax increment revenue is redirected from the taxing entity to the EIFD. Importantly, the establishment of EIFDs does not increase property taxes or any other taxes for landowners within or outside the EIFD boundaries.

The chart in Attachment No. 2 illustrates how TIF captures that new revenue from new development into the EIFD (note these dollars are for illustrative purposes only):

The City has been evaluating the use of an EIFD to facilitate economic development across various significant development opportunity sites throughout the City via investment into critical infrastructure. To date, staff and consultant Kosmont Companies have prepared detailed analysis and conducted meetings with the County of Los Angeles (County) staff from the Chief Executive Office and County staff from Supervisor Janice Hahn's office, in addition to a briefing of the City Council in November 2023. Feedback from stakeholder outreach has been positive thus far, including receptiveness from the County to be a partner to the City in the EIFD.

Analysis:

Adoption of Resolution No. 25-09 (Attachment 1) provides for the following:

1. Preliminary boundaries of the EIFD. The proposed EIFD boundaries are noted in color in Exhibit A of the Resolution of Intention. Though the exact boundaries of the EIFD are subject to further review and refinement as the formation process continues, the current boundary is focused on various significant development opportunity sites throughout the City (e.g., Transit Village, Entertainment District, several Heart of Norwalk Specific Plan sites). The land included in these boundaries totals approximately 201 acres (approximately 3% of the City).
2. The public facilities and development proposed to be financed by the EIFD. The activities listed under the Resolution of Intention include all eligible activities under the EIFD legislation and are listed in Exhibit B to the Resolution of Intention (more specific projects will be delineated in the required Infrastructure Financing Plan prior to district formation). Discussions so far at the staff level between the City and County have identified the following examples of potential projects to be funded:
 - Affordable housing
 - Roadway and utility capacity enhancements (e.g., Front Street Utility and Streetscape Improvements)
 - Parks and open space (e.g., Tank Farm Park)
 - Transit connectivity.
3. Use of Incremental Tax Revenue. The Resolution of Intention anticipates that a portion (not all) of the City's future property tax increment revenue generated within the EIFD will be allocated to the EIFD. The exact amounts will be determined in future resolutions adopted by City Council. It is anticipated that the County will additionally participate in the EIFD, in which case, a portion of the County's property tax increment revenue will also be allocated to the EIFD.
4. Establishes a Public Financing Authority to serve as the governing board of the EIFD. Given the anticipated participation of the County in the EIFD, the Public Finance Authority (PFA) membership is proposed to be comprised of two members of City Council, one County Supervisor, one member of the public appointed by City Council (to be appointed at a future date), and one member of the public appointed by the County Board of Supervisors. An alternate PFA board member will also be appointed to represent City Council in the absence of a regular member.

5. Sets a time and place for the first public hearing on the EIFD to be conducted by the Public Financing Authority. The first public hearing is tentatively scheduled for September 9, 2025, at 6:00 p.m., or as soon thereafter as the matter may be heard, in the City Hall Council Chambers, 12700 Norwalk Boulevard, Norwalk, CA 90650.

Approval of the Resolution of Intention and appointments to the PFA begin a series of activities that will take place over the next several months, primarily by the PFA Board. The following schedule outlines the various key tasks and milestones in the formation process. As the following proposed schedule indicates, the final City Council approvals are expected to follow later in calendar year 2025.

Task	Target Date	Notes
Initial meeting of Public Financing Authority (PFA)	April or May 2025	PFA will review the EIFD, potentially adopt bylaws, direct the preparation of the draft Infrastructure Financing Plan (IFP)
PFA meets to review draft IFP	July 2025	
City Council considers resolution approving the IFP and allocation of property tax increment	August 2025	
County Board of Supervisors considers resolution approving the IFP and allocation of property tax increment	August 2025	
PFA holds Public Hearing #1	September 2025	Additional comments taken; PFA takes action to modify or reject IFP, or otherwise proceed to Public Hearing #2
PFA holds Public Hearing #2 and Protest Proceeding	October 2025	If majority protest exists – PFA takes action to terminate EIFD. If no majority protest, PFA can propose adoption of the IFP and formation of the EIFD
Staff files EIFD with State Board of Equalization (BOE)	November 2025	

The IFP referenced in the timeline above becomes the roadmap for the work to be accomplished by the EIFD. The IFP will analyze the tax increment anticipated to be generated by the properties in the EIFD boundary, consider the cost of various infrastructure options to be considered for investment, evaluate the bonding capacity created by the tax increment generated, estimated general fund fiscal impacts, and provide a plan for how the EIFD will capture tax increment to fund infrastructure investments. The IFP contents are currently under development and will be

provided in draft format to the public, PFA, and City Council in accordance with the schedule above.

Public information is an important part of the EIFD formation process. A web page will be developed that will serve as a resource to interested stakeholders. Landowners and residents within the EIFD boundaries will also receive mailed notifications of public meetings and hearings throughout the formation process, and public hearings will additionally be advertised via local newspaper. In the event of a majority protest by property owners or residents within the boundaries, the formation proceedings would be discontinued.

Environmental:

The City Council's adoption of the Resolution of Intention and establishment of the PFA are exempt from the California Environmental Quality Act (CEQA) as they are actions solely related to the creation of a government funding mechanism and the administrative or organizational activities of the City. Therefore, these actions do not constitute a "project" pursuant to CEQA Guidelines Sections 15378(b)(4) and 15378(b)(5). Neither of these actions could result in a physical change in the environment because the City has not committed itself to any specific project(s) that could be funded by the EIFD. As a separate and independent ground, these actions are exempt from the requirements of CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that there is no possibility that they will have a significant effect on the environment. However, future actions (such as the approval of infrastructure improvements using funding from the EIFD) will be subject to environmental review in accordance with CEQA.

Fiscal Impact:

There is no immediate fiscal impact for establishing the Norwalk EIFD or PFA. If ultimately established, the EIFD would create the opportunity to use tax increment financing to fund targeted infrastructure investments in the City. Further information regarding fiscal impact will be analyzed as part of the development of the IFP, which will be presented to the PFA and City Council as noted in the timeline above.

Citizens Advised:

N/A

Strategic Plan 2023 Implementation:

The EIFD is a tool to invest in public facilities supporting the development of communities, which would contribute to Objective 4 – maintain the City's financial resiliency.

Recommended Action:

Staff recommends that the City Council adopt Resolution No. 25-09, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORWALK DECLARING ITS INTENTION TO FORM AN ENHANCED INFRASTRUCTURE FINANCING DISTRICT, ESTABLISHING THE NORWALK

ENHANCED INFRASTRUCTURE FINANCING DISTRICT PUBLIC FINANCE AUTHORITY,
AND APPOINTING MEMBERS.

Attachments:

Attachment No. 1 - Resolution No. 25-09
Attachment No. 2 – Assessed Value chart