EIFD Case Study – West Sacramento Enhanced Infrastructure Financing District No. 1

West Sacramento Enhanced Infrastructure Financing District No. 1 was formed on June 28, 2017, making it the first EIFD to be formed in the State of California.

**Background**
West Sacramento had formed Redevelopment Project Areas over approximately 45 percent of the City and had been very successful in using tax increment financing to transition its waterfront from heavy industrial uses to vibrant mixed-use developments. Following the dissolution of redevelopment agencies in 2011, City leaders explored new tools to replace the funding that had been provided by Redevelopment. Voters approved Measure G, which enabled the City to dedicate property tax funds that previously flowed to the Redevelopment Agency and then, post dissolution, to the City’s General Fund, to be used to fund infrastructure improvements and economic development activities. And, the City decided to also form an Infrastructure Financing District (IFD) to provide tax increment financing for the Bridge District.

In 2014, improvements were made to the IFD legislation through the creation of the Enhanced Infrastructure Financing District (EIFD) tool. Key improvements included eliminating voter approval for the formation of the EIFD and reducing the threshold for issuing bonded indebtedness from 2/3 to 55%. With this new legislation in place, the City decided to form the city-wide West Sacramento EIFD No. 1, which is 4,150 acres and significantly overlaps with the boundaries of the existing redevelopment project areas. The City is the only taxing agency that is participating in the District.

**Purpose of the EIFD**
The purpose of the EIFD is to provide the City with funding to continue the work of the former Redevelopment Agency to invest in infrastructure and economic development programs to encourage private investment in the community and increase the quality of life for residents. The EIFD is anticipated to assist in the development of approximately 12,000 new residential units and over 20 million square feet of commercial and industrial development over the term of the district.

**Financing Plan**
One of the City’s key objectives is to maintain a balance between funding capital improvements and on-going municipal services. To ensure this balance, the City has elected to annually deposit the first $5.3 million of Measure G funds into the General Fund for city services and 100% of the EIFD revenue into the District to fund capital improvements. In the EIFD’s first year of operation, a total of $740,000 was deposited into the EIFD. In 2020/21, it is estimated that over $2 million will be deposited into the fund. Annual deposits are anticipated to exceed $5

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million by FY 2028/29. The EIFD is projected to generate $3.1 billion of property tax increment to the District over a 45-year term.

At this time, the City does not intend to secure voter approval for the issuance of bond debt. The City intends to fund improvements on a “pay-go” basis or to use non-bond debt instruments.

Activities to Date
The Public Financing Authority has met to establish its by-laws and $740,000 of tax increment has been deposited into the District. New industrial, commercial and residential projects are under construction, which are anticipated to add $50 million of assessed value to the tax roll in 2020.

Keys To West Sacramento’s Success/ Best Practices

✓ Broad community support for investing in public facilities
✓ The District is large, which increases the revenue-generating capacity of the district
✓ The City of West Sacramento receives an unusually large share of property tax increment (48% of the base 1% tax levy), which increases the revenue-potential of the District. In comparison, many cities receive less than 15% of the base 1% tax levy.
✓ The availability of and community support to invest $1 million of residual Redevelopment funds in the EIFD