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California Association for Local Economic Development

August 29, 2018

The Honorable Edmund G. Brown
Governor of California
State Capitol Building, Suite 1173
Sacramento, California 95814

RE: Request for Signature for Senate Bill 1145 (LEYVA)- Enhanced Infrastructure Financing Districts: Maintenance

Dear Governor Edmund G. Brown:

The California Association for Local Economic Development (CALED) is pleased to sponsor and requests your signature for SB 1145. This bill is aimed to protect local economic development investments by allowing Enhanced Infrastructure Financing Districts (EIFDs) finance ongoing maintenance costs for public projects in their districts.

In 2014, Senate Bill 628 (Beall) was enacted to allow local agencies to create EIFDs to finance key infrastructure projects and facilities. EIFDs became an important economic development tool and allow jurisdictions to move projects forward that would otherwise be shelved, given the absence of Redevelopment.

Currently, eligible costs for EIFD financing include construction, acquisition and rehabilitation, as well as planning and design expenses. Existing law prohibits a district from financing routine maintenance and repair work. SB 1145 will allow EIFDs to maintain facilities financed in whole or in part by the EIFD, thereby protecting taxpayer investments.

Howard Jarvis Taxpayers Association (HJTA), has some concerns regarding SB 1145. One of their concerns is that the "debt" is not backed by municipal general funds. This is not true because when a jurisdiction enters into a long-term maintenance agreement, then it is not incurring debt. Also, SB 1145 only allows jurisdictions to use pay-as-you-go funds and not any other funds.

Moreover, many local governments need funds from districts to maintain the structures they have built. Allowing EIFDs to finance routine maintenance and repairs during the life of the district provides security to local general funds and allows district budgets to reflect the true costs of building and maintaining infrastructure.

EIFDs are an important tool in growing local economies and SB 1145 makes them more effective. CALED thanks you for your consideration of this bill and urges you to sign SB 1145.

Sincerely,

Gurbax Sahota
President & CEO