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## **CA Lawmakers Could Make it Easier to Pay for Local Infrastructure Before Session Ends.**

It's hard to remember a summer with more urgent reminders of the need to invest in the state's aging infrastructure—from ninety-year-old water mains spectacularly bursting in Los Angeles and dams cracking in the Sierra foothills to difficult daily commutes in cities like San Jose, where even in the heart of Silicon Valley, nearly 60 percent of local streets are now in "poor" condition. All this, of course, was before the biggest earthquake to hit the Bay Area in 25 years rattled buildings and buckled roads from Napa to Vallejo.

With less than a week remaining in this year's legislative session, the California Economic Summit is urging lawmakers to give local governments more power to do something about all of this—distributing a letter that encourages the Legislature to act on a bill, SB 628 (Beall), that would provide local agencies with a more robust infrastructure development tool known as "Enhanced Infrastructure Financing Districts" (EIFDs).

Accompanying the letter is a [How-to Guide for Using SB 628's Enhanced Infrastructure Financing Districts](#) that details how local and regional agencies could use this new authority to invest in everything from sidewalk repair and water infrastructure to the implementation of sustainable communities plans.

Senator Beall's bill combines language that has been circulating in the Legislature—and that was also pushed this week by Assembly Member Roger Dickinson—with a range of proposals recommended by the governor in his budget earlier this year. This updated legislation, which was moved out of the Assembly Committee on Local Government this morning, gives local leaders a far more robust infrastructure investment tool than they currently have at their disposal. "The elimination of redevelopment agencies doesn't leave us with the flexibility to address a lot of local needs," Senator Beall told the Assembly committee this morning. "This bill is a consolidation of ideas to expand the financing tools [used by redevelopment] to utilize IFDs for a broad array of uses...It also expands the opportunities for city governments to accomplish their economic development goals."

### **Summit Leaders on What EIFDs Can Do**

"These proposed EIFDs would give communities more authority to build the infrastructure California needs and a set of funding mechanisms they can use to pay for it," says Mark Pisano, a senior fellow at USC's Price School of Public Policy who coauthored the Summit report and who is one of more than a dozen economic development experts signing onto the Summit letter.

"These financing districts would not only be able to build all public infrastructure, they could also serve as a platform for multiple funding streams—and provide a foundation for the types of public-private partnerships that we know can be successful in developing infrastructure," says Sean Randolph, president and CEO of the Bay Area Council Economic Institute, who serves as co-lead of the Infrastructure action team. "The new districts can also do a lot to encourage the types of policy

integration we'll have to see to successfully implement regional sustainable communities strategies."

There's no question local governments need this type of authority—especially in the absence of redevelopment. The Legislature has spent the last two years discussing a variety of proposals for increasing local infrastructure investment—and wrestling with the difficulty of financing needed projects. By some estimates, the state will need to invest \$765 billion in the next 10 years on everything from transportation and energy to water and school facilities, but the state and local governments only have the resources to pay for about half of this amount.

While state government is unable to fill this gap, the Summit's Infrastructure action team has concluded that existing public resources must be complemented by a new working relationship among the public, private, and non-profit sectors.

"The new Enhanced Infrastructure Financing Districts," says Pisano, "present a unique opportunity to begin this work."

### **How to "Enhance" Local Financing Tools**

In its step-by-step guide, the Summit explains why, showing how local and regional agencies can access the wide variety of new funding streams that will be available to EIFDs. The guide notes four areas, in particular, where EIFDs can improve local infrastructure development:

- **Reduce vote requirements:** While current law requires a two-thirds vote to form an Infrastructure Financing District, the new EIFDs could be formed—and could use a range of existing financial tools—without going to voters. Only issuing tax increment bonds would require a vote, with a vote threshold of 55 percent.
- **Expand financing authority:** The new EIFDs would allow local leaders to support infrastructure projects through multiple funding streams, including a full complement of existing public mechanisms (tax increment authority, benefit assessments, and fees), as well as private investment and procurement.
- **Increase investment in different types of infrastructure:** The enhanced districts would be able to build every type of infrastructure: transportation, water, flood control and storm water quality management, transportation, energy, public facilities, energy, and environmental mitigation—so long as a direct connection can be established between the needed infrastructure and its users. The paper also provides a case study of how this type of modeling has been conducted successfully by regional planners in Southern California.
- **Allow more flexible institutional collaborations:** SB 628 also would give communities more flexibility to accommodate regional growth by making infrastructure investments across jurisdictions through Joint Power Authorities.

Whether a public agency is interested in upgrading sidewalks and streets for stormwater collection or expanding transit stations and building affordable housing, the new EIFDs could help—in a way no other financing mechanism currently does. "While existing, single-purpose funding makes it difficult to achieve all of these outcomes, they could be accomplished using the full range of tools provided by an EIFD," says Pisano.

If structured correctly, in other words, these new districts could play an important role in driving sustainable growth by connecting a vast number of infrastructure projects with an array of new funding streams.

This will not only empower local leaders to address local infrastructure issues—it could also begin to provide California with a way to take on one of its preeminent fiscal challenges.

But only if the Legislature acts. And soon.

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