

# Agenda Report

June 15, 2026

**TO:** Honorable Mayor and City Council

**FROM:** Office of the City Manager - Economic Development Division

**SUBJECT: ADOPT A RESOLUTION OF INTENTION TO FORM AN ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD); ESTABLISH THE PASADENA EIFD PUBLIC FINANCE AUTHORITY; AND APPOINT MEMBERS TO THE EIFD PUBLIC FINANCE AUTHORITY**

## **RECOMMENDATION:**

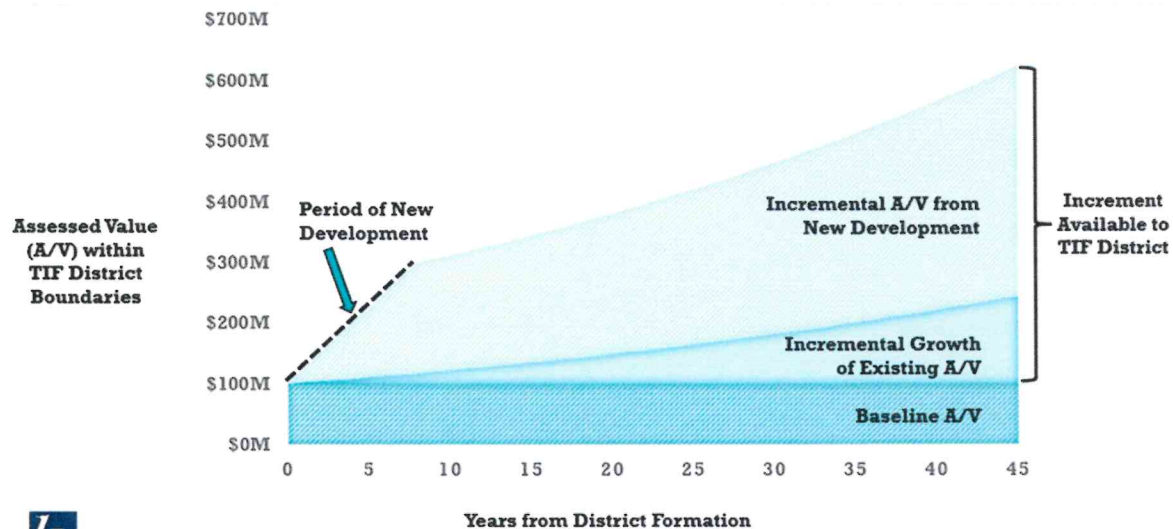
It is recommended that the City Council:

1. Find that the proposed actions are not a “project” subject to the California Environmental Quality Act (“CEQA”) pursuant to Public Resources Code Section 21065 and within the meaning of California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15378;
2. Adopt a resolution declaring its intention to establish the Pasadena Enhanced Infrastructure Financing District (EIFD) and establishing the Pasadena EIFD Public Financing Authority (PFA); and
3. Appoint two members of the City Council to the Public Financing Authority Board and appoint one member of the City Council as alternate Board member.

## **BACKGROUND:**

As a result of the elimination of redevelopment agencies in California, the City of Pasadena (“City”) lost a tax increment financing (TIF) tool to invest in public facilities that support the development of communities. In 2014, SB 628 created a new tax increment financing tool called the Enhanced Infrastructure Financing District (EIFD). 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, similar to a redevelopment project area, a portion of tax increment revenue is redirected from participating taxing entities to the EIFD. Importantly, the establishment of EIFDs does not increase property taxes or any other taxes for landowners within or outside the proposed EIFD boundaries.

The following chart illustrates how tax TIF captures revenue from new development into the EIFD (note these dollars are for illustrative purposes only):



Note: Illustrative. Conservative 2% growth of existing assessed value (A/V) shown; does not include mark-to-market increases associated with property sales.

Property tax revenues within Pasadena are distributed among sixteen different taxing entities pursuant to California’s property tax allocation framework. Based on the applicable allocation factors, approximately 21% of property tax revenue is allocated to the City of Pasadena and approximately 28% is allocated to the Los Angeles County General Fund, with the remainder distributed among educational entities, special districts, and other local entities. Under California EIFD law, school and educational entities are not eligible to contribute tax increment revenues to an EIFD.

A significant catalyst for exploring the use of an EIFD was the SR-710 Northern Stub (710 Stub) area transferred to the City of Pasadena in August of 2022 as part of the relinquishment by Caltrans. The relinquishment of approximately 50 acres of former state-controlled right-of-way, now known as the 710 study area, creates a substantial opportunity for infrastructure investment, land use reconfiguration, and future development. An EIFD provides a mechanism to capture a portion of the future property tax increment generated by development at the 710 Stub and other strategic opportunity sites necessary to fund the infrastructure needed to unlock long-term economic value.

The City has been evaluating the use of an EIFD to facilitate economic development across various opportunity sites throughout the City via investment into critical infrastructure. To date, staff and consultants Kosmont Companies have conducted outreach with County officials, including a recent tour of the proposed EIFD boundaries. Thus far, feedback has been positive with receptiveness from the County to be a partner with the City in the EIFD.

## PROPOSED RESOLUTION OF INTENTION

Adoption of the City Council's Resolution of Intention (attached) provides for the following:

- **Establishes preliminary EIFD boundaries.** The proposed EIFD boundaries are noted in color in Exhibit A of the Resolution of Intention. Though the exact boundaries of the proposed EIFD are subject to further review and refinement as the formation process continues, the current proposed boundary includes various development opportunity sites in the City and in proximity to the 710 study area. The land included in these boundaries totals approximately 551 acres (approximately 3.7% of the City).
- **Proposes public facilities and development projects.** The eligible activities listed under the Resolution of Intention include all eligible activities under the EIFD legislation and are listed in Exhibit B to the Resolution. More specific projects will be delineated in the required Infrastructure Financing Plan prior to district formation. Discussions at the staff level between the City and County have, so far, identified examples of potential projects or uses to be funded:
  - Mobility and utility infrastructure
  - Multimodal improvements
  - Sustainable water features
  - Clean energy/renewables
  - Affordable housing
  - Public and open space
- **Details the use of incremental tax revenue.** The Resolution of Intention details that a portion 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 that will be presented to the 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.
- **Establishes a Public Financing Authority to serve as the governing board of the EIFD.** As the governing body of the EIFD, the PFA is subject to Brown Act requirements. With the anticipated participation of the County in the EIFD, the Public Finance Authority (PFA) membership is proposed to be comprised of:
  - Two members of the City Council
  - One County Supervisor appointee
  - One member of the public appointed by the City Council (to be appointed on a future date)
  - One member of the public appointed by the County Board of Supervisors (to be appointed on a future date)

- An alternate PFA board member, appointed to represent the City Council in the absence of a regular member
- **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 November 9, 2026, at 6:00 p.m., or as soon thereafter as the matter may be heard, in the Council Chamber.

## FORMATION TASKS & TIMELINE

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 City Council's final approvals are expected to follow later in calendar year 2026.

Task	Target Date	Notes
Initial meeting of Public Financing Authority (PFA)	July 2026	PFA will review the EIFD, potentially adopt bylaws, direct the preparation of the draft Infrastructure Financing Plan (IFP)
PFA meets to review draft IFP	August 2026	
City Council considers resolution approving the IFP and allocation of property tax increment	September 2026	
County Board of Supervisors considers resolution approving the IFP and allocation of property tax increment	September 2026	
PFA holds Public Hearing #1	November 2026	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	December 2026	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)	December 2026	

The Infrastructure Financing Plan referenced in the timeline above becomes the spending plan for the EIFD. The IFP will analyze the anticipated tax increment to be

generated by the properties in the EIFD boundary, identify the cost of various infrastructure options for investment, evaluate the bonding capacity created by the tax increment, estimate general fund fiscal impacts, and create a plan for how the EIFD will capture tax increment that can fund future infrastructure improvements. The IFP contents are currently under development and will be provided in draft format to the public, the PFA, and City Council in accordance with the proposed schedule above.

Understanding that public information is an important part of the EIFD formation process, staff will develop a webpage that will serve as a resource for interested stakeholders. Landowners and residents within the EIFD boundaries will be notified by mail of future public hearings throughout the formation process, and public hearings will be advertised via local newspaper. In the event of a future majority protest by property owners or residents within the boundaries, the formation proceedings would be discontinued. A majority protest means that more than 50 percent of affected property owners or residents formally oppose formation of the EIFD.

### **COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the City Council's strategic goals to maintain fiscal responsibility and stability; improve, maintain, and enhance public facilities and infrastructure; improve mobility and accessibility throughout the City of Pasadena; and support and promote the quality of life and the local economy.

### **ENVIRONMENTAL ANALYSIS:**

CEQA excludes from environmental review, actions that are not "projects" as defined by Public Resources Code Section 21065 and within the meaning of CEQA Guidelines Section 15378. Sections 21065 and 15378 define a "project" as an action which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378(b) excludes from the definition of "project" organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment. The actions proposed herein, adopting a resolution to take actions related to establishing an EIFD and appointing members to boards, are administrative activities, and are therefore not a "project" as defined by CEQA. Since the actions are not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

There is no immediate fiscal impact associated with this action. If established, the EIFD would create the opportunity to use tax increment financing to fund targeted infrastructure investments in the City. Generally, in defining the boundary for an EIFD and the level of allocation of the City's share of future property tax increment within that boundary, there will be a need to balance the funding capacity of the EIFD with the corresponding fiscal impact on the City's General Fund. A dollar allocated by the City to the EIFD is a dollar not available to the General Fund. The optimal use of the EIFD will be to attract a County match of the City's investment, while also catalyzing a level of economic development that would actually grow property tax and other fiscal revenues to the General Fund (i.e., positive "return on investment.") 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.

Respectfully submitted,

  
\_\_\_\_\_  
DAVID A. KLUG  
Economic Development Director  
City Manager's Office

Prepared by:

  
\_\_\_\_\_  
Teresa Garcia  
Senior Project Manager

Approved by:

  
\_\_\_\_\_  
MATTHEW E. HAWKESWORTH  
Interim City Manager