



Special Joint Meeting of the Lower Russian River and Sonoma Coast Municipal Advisory Councils

Minutes

Special Meeting

September 25, 2024 06:30 PM

El Molino Library, 7050 Covey Road, Forestville, CA 95436

<https://sonomacounty.ca.gov/lrrmac>

1. Call to Order, River MAC Chair Pip Marquez de la Plata

A. Pledge of Allegiance

Vesta Copestakes led the Pledge of Allegiance

B. Roll Call, River MAC

Present: Pip Marquez de la Plata, Mike Nicholls, Spencer Scott, Betsy Van Dyke, Cynthia Strecker, Vicki Clewes, Lonnie Lazar & Thai Hilton. Absent: Joe Rogoff

C. Roll Call, Coast MAC

Present: Scott Foster & John Laughlin (Alternate) Absent: Beth Bruzzone, Scott Nevin, Caroline Madden, Jill Lippitt, Brian Leubitz, & Ginny Nicholls. There was not a quorum present for the Coast MAC

2. Approval of the Agenda, Chair Pip Marquez de la Plata

The Coast MAC did not have a quorum. Members present participated in discussions, but no formal actions were taken.

Guerneville South / Pocket Canyon Representative (River MAC): Betsy Van Dyke motioned to approve. A second was made by River MAC Chair & Rio Nido Representative: Pip Marquez de la Plata.

The motion passed with the following vote:

8 In Favor 0 Opposed
0 Abstained 1 Absent 0 Recused

3. Statement of Conflict of Interest

There were no conflicts reported.

4. Presentation and facilitated discussion regarding the formation of an Enhanced Infrastructure Financing District (EIFD) and community priorities regarding the types of projects residents in Unincorporated West County would like to be considered.

Supervisor Lynda Hopkins opened this item with an overview, expressing her gratitude to the community for their attendance and participation. She emphasized the importance of the evening's discussion, which will be focused on the formation of an Enhanced Infrastructure Financing District (EIFD) as a potential solution to the challenges faced by West County, particularly its aging infrastructure.

Hopkins explained that one of the most pressing issues in West County is the deterioration of critical infrastructure, much of which dates back decades. She cited a specific example in Rio Nido, where a culvert, originally built during the WPA era under President Franklin D. Roosevelt's New Deal, had catastrophically failed over the past winter. This failure resulted in unexpected flooding, affecting areas that had never experienced such problems before, including several homes. The event underscored the urgent need for preemptive infrastructure repairs before more systems fail in ways that could endanger both property and public safety.

Beyond addressing the immediate need for infrastructure repair, Hopkins highlighted several other priorities that could be funded through an EIFD. These included enhanced recreational amenities, affordable housing, and climate resilience initiatives. She noted that these issues are particularly pressing in West County but also of interest to neighboring areas, such as Sebastopol. Both communities share a need for improved infrastructure and services, and the possibility of funding such projects through an EIFD had generated a lot of interest.

To provide more context, Hopkins introduced the idea of the EIFD as a modern approach to redevelopment. She explained that an EIFD operates similarly to the redevelopment agencies that were once widely used across California, though those agencies were dissolved in 2012. An EIFD, however, is a form of tax increment financing that does not introduce new taxes. Instead, it captures a portion of the increased property tax revenue generated from new developments or rising property values and reinvests that money into public infrastructure projects.

Hopkins gave the example of a new hotel project. Once completed, the property tax revenue from that development would be higher due to the increased property value. An EIFD would allow the county to capture this additional revenue and allocate it directly toward local projects, such as road repairs, flood mitigation, or even climate resilience efforts. This mechanism ensures that the benefits of new development are reinvested into the community, rather than being funneled solely into the general county budget.

Hopkins acknowledged that there had been some concerns raised about the potential competition between Sebastopol and rural West County when it came to how funds might be distributed. She addressed these concerns head-on, noting that while both communities had overlapping interests, there was no intention of allowing one to "steal" funds from the other. She emphasized that the goal was to create a win-win situation where both the city of Sebastopol and rural areas of West County could benefit from an EIFD. To ensure transparency and fairness, she reassured attendees that the process would involve close collaboration between the county and the city, and that any decisions about project funding would be made with input from both communities.

Hopkins then outlined the three primary options currently being considered:

1. Sebastopol forming its own EIFD to address the city's unique needs and priorities.
2. Unincorporated Sonoma County forming a separate EIFD, focusing specifically on the needs of rural areas like West County.
3. Combining Sebastopol and unincorporated Sonoma County into a single, broader EIFD,

which would pool resources and fund projects that benefit both the city and the surrounding rural areas.

She clarified that, regardless of which option is pursued, both the Board of Supervisors and the Sebastopol City Council would need to vote on the formation of the EIFD. This process was still in its early stages, and no project list had been finalized. Community input would play a crucial role in determining which projects would be prioritized.

Finally, Hopkins encouraged the group to think about how we define our communities, as many of us live just outside urban service areas and would also likely benefit from the public infrastructure projects funded by the EIFD in these areas.

Supervisor Hopkins concluded by stressing that the goal of the evening's meeting was to listen to the community's concerns, gather ideas, and begin developing a project list. She reiterated that nothing had been decided yet, and that the process would take time and require input from all stakeholders. With that, she transitioned the discussion over to Felicia Williams from Kosmont Consulting to present more detailed information about how EIFDs work and the next steps in the process.

Presentation by Kosmont Consulting

Felicia Williams began by thanking Supervisor Lynda Hopkins for the introduction and welcomed the attendees, acknowledging the presence of many community members from the river and coastal areas. She introduced herself as a Senior Vice President at Kosmont Consulting and noted that she was joined by her colleague, Joe Dieguez, who also specializes in infrastructure financing. Together, they lead Kosmont's Infrastructure Financing Division, which has been highly active as more cities and counties explore new ways to fund critical infrastructure improvements.

Williams then launched into a detailed presentation, structured to give the audience a clear understanding of Enhanced Infrastructure Financing Districts (EIFDs), how they work, and what opportunities they present for community development in West County and Sebastopol. She outlined the agenda for the meeting, explaining that the primary goal was to hear from the public about their priorities for infrastructure projects that could be funded through an EIFD. These projects could include essential public works such as roads, flood prevention, affordable housing, climate resilience, and other local improvements.

Background on EIFDs

Williams began by providing historical context on tax increment financing, explaining that EIFDs are similar to the redevelopment model used by California cities for decades. However, unlike redevelopment agencies (RDAs), which were eliminated by the state in 2012, EIFDs are a newer mechanism authorized by legislation in 2014. These districts allow local governments to capture the growth in property taxes from new developments and reinvest that increment back into the community to fund critical public infrastructure. Importantly, Williams emphasized that this is not a new tax but rather a tool to allocate future property tax growth for community improvements.

She explained that when new developments occur, such as housing projects or commercial developments, the property value of those areas increases. The difference between the original property tax base and the new, higher taxes (due to the increased value) is the tax increment. Under an EIFD, this increment is captured and placed into a special fund. That fund is then used to pay for public infrastructure improvements like roads, water systems, affordable housing, and parks. Williams highlighted that this model allows the community to retain more of

the financial benefits of its own growth rather than having all of the increased tax revenue flow directly into the county's general fund.

Potential for Funding in West County and Sebastopol

Williams noted a preliminary estimate of approximately \$125 million in potential EIFD funding for the Fifth District, which includes both Sebastopol and the surrounding unincorporated areas of Sonoma County. However, this estimate was based on several assumptions, such as projected property tax growth over a 30- to 45-year period and the inclusion of both city and rural areas in the EIFD. She emphasized that this figure is only a starting point and that Kosmont Consulting will refine the financial analysis as more data and community input becomes available.

She then discussed the geographic scope of the proposed EIFD, noting that one option being considered was to create a single district that would cover both Sebastopol and the unincorporated areas. Another option was to form two separate EIFDs: one for Sebastopol and one for rural West County. A third possibility was creating distinct project areas within a larger district, which would allow for a more flexible allocation of funds while still maintaining some separation between urban and rural needs.

Williams underscored the importance of collaboration between the city and county, particularly to address concerns about the fair distribution of funds. She reassured attendees that any decision to form an EIFD would require formal approval from both the Board of Supervisors and the Sebastopol City Council. This process would involve public hearings and input at every stage.

Types of Projects Eligible for EIFD Funding

Williams walked the audience through a slide that detailed the types of projects that could be funded through an EIFD. These projects, as defined by state law, are diverse and wide-ranging, providing a great deal of flexibility to local governments. Some examples included:

- Water and sewer systems
- Stormwater drainage infrastructure
- Roads and streets (including significant upgrades, paving, resurfacing, and bicycle/pedestrian improvements)
- Public transit systems
- Parks, open spaces, and children's recreational facilities
- Libraries and public amenities (e.g., swimming pools)
- Affordable housing (note: an EIFD does not result in any zoning changes or changes to local housing ordinances)
- Broadband infrastructure
- Wildfire prevention and mitigation
- Small business and nonprofit support facilities

Williams highlighted several examples from other EIFDs in California, noting that these districts have been used successfully to fund projects like public transportation improvements in Southern California and affordable housing developments in Northern California. She stressed that each EIFD is unique, and the types of projects that West County would prioritize would ultimately depend on community input and the specific needs of the region.

Project Ideas and Initial Input from City and County Staff

Williams then presented a preliminary list of project ideas that had already been suggested by county and city staff. Some of the early ideas for West County included:

- Infrastructure repair and upgrades, particularly for roads and drainage systems in rural areas.
- Flood prevention projects, especially for areas prone to flooding, such as Guerneville.
- Affordable housing developments, which would address the critical housing shortage in the region.
- Wildfire prevention efforts, such as fuel breaks and improved emergency access routes.
- Climate resilience projects, including efforts to strengthen infrastructure against future climate change impacts like rising sea levels and extreme weather events.
- Recreational amenities, such as expanding parks and building new facilities like swimming pools or community centers.
- Broadband expansion, particularly in under-served rural areas that lack reliable internet access.

Williams emphasized that these were only initial ideas, and that the purpose of the meeting was to hear from the community about their specific priorities. She encouraged attendees to think about what types of projects would have the most impact on their daily lives and contribute to the long-term sustainability and vitality of the region.

How EIFDs are Structured and Governed

Williams provided an overview of the governance structure for EIFDs, explaining that once a district is formed, a Public Financing Authority (PFA) is established to oversee the allocation of funds and ensure that projects are implemented according to the community's priorities. The PFA typically consists of representatives from both the city and county, as well as public members, depending on the structure of the district.

She stressed that the PFA would operate transparently and with public accountability. All decisions about how the funds are spent would be made through public meetings and with input from both city and county representatives. Additionally, if the EIFD issues bonds to accelerate funding, the PFA would be responsible for managing those bonds and ensuring that the funds are repaid using the future tax increment.

Timeline and Next Steps

Williams concluded her presentation by discussing the proposed timeline for the formation of the EIFD. She noted that the process would take time and that no final decisions had been

made yet. The current phase was focused on gathering community input and refining the financial estimates. The next steps would include more detailed outreach, financial modeling, and eventually public hearings before any official votes were taken by the Sebastopol City Council or the Sonoma County Board of Supervisors.

According to Williams, if there was enough community support, the EIFD formation process could begin in 2025, with initial project funding potentially starting to flow several years later as property tax revenues increased. She emphasized that the process was still in its early stages and that there would be multiple opportunities for public input along the way. She wrapped up the presentation by inviting questions and sharing thoughts on the types of projects to be prioritized, encouraging people to stay engaged in the process as it moved forward.

Council Member Questions and Comments

1. Road Improvements

One council member asked for clarification about road paving and resurfacing, noting that these types of projects were not explicitly mentioned in the presentation and expressing concern that road infrastructure might not be prioritized.

- Response: Felicia Williams assured the council member that road paving and resurfacing are indeed eligible for EIFD funding. Although sidewalk and bicycle improvements were emphasized in the presentation, paving, resurfacing, and drainage improvements could all be considered for funding through the EIFD.

2. Allocation of Funds During a Budget Crisis

A council member raised a concern about whether the EIFD funds could be reallocated during a budget crisis or whether the county could use the funds for purposes other than the intended infrastructure projects.

- Response: Williams explained that once the EIFD is established, a separate Public Financing Authority (PFA) would oversee the allocation of funds. The PFA, consisting of city and county representatives, would make decisions about which projects to fund. She assured the council that the EIFD funds are legally protected and cannot be redirected for other uses unless the entire infrastructure financing plan is amended, which would require a new public process.

3. Representation for Rural Areas

Another council member expressed concern about ensuring that rural areas, which might contribute significant tax revenue, would receive fair representation on the PFA and that funds would not be disproportionately allocated to urban areas like Sebastopol.

- Response: Williams responded that the composition of the PFA would be designed to represent both the city and unincorporated areas. She mentioned that while a PFA could include three representatives from a city and two from a county, there is flexibility to create the board composition to ensure fair representation for rural areas. The structure would help guarantee that funding decisions reflect the needs of all regions within the district.

4. Prioritization of Affordable Housing

A council member emphasized the critical need for affordable housing in West County, noting that many local businesses were struggling to retain employees due to the high cost of living. The council member asked if affordable housing could be prioritized within the EIFD framework.

- Response: Williams confirmed that affordable housing is an eligible project for EIFD funding and that many communities across California have used EIFD funds to support workforce and affordable housing projects. She added that housing is often a priority in EIFD project lists due to its broad community benefits.

5. Impact on General Fund Allocation for Roads

One council member raised concerns about the possibility that forming an EIFD could lead to reduced allocations from the county's general fund for road improvements, especially in rural areas.

- Response: Supervisor Lynda Hopkins responded directly to this concern, reassuring the council that the creation of an EIFD would not reduce general fund allocations for roads. The intent of the EIFD is to provide additional resources for significant infrastructure projects without undermining existing funding sources. She encouraged continued advocacy for road improvements through general fund channels while leveraging EIFD funds for more substantial, transformative projects.

6. Project List and Area Coverage of the \$125 Million Estimate

A council member asked whether the \$125 million estimate was meant to cover both Sebastopol and the unincorporated areas or if it was only for one specific region. They also inquired if, in the absence of an EIFD, that money would have automatically gone to the county anyway.

- Response: Williams clarified that the \$125 million estimate was a countywide projection based on property tax growth in the Fifth District, which includes Sebastopol and unincorporated Sonoma County. This figure was preliminary and based on multiple assumptions, including the lifespan of the district and varying property tax growth rates. Without the EIFD, she explained, the funds would go into the general fund, but the formation of the EIFD allows for a dedicated pool of money to be reinvested directly into the community that generates it, ensuring that West County benefits from its own growth.

7. Concerns About Redistributing Funds Between Sebastopol and Rural Areas

A council member raised concerns that Sebastopol and rural West County might compete for funds, with each area worried about losing out. They asked for clarity on how the PFA would make decisions about where money is allocated.

- Joe Dieguez responded by explaining that the five-member board was the minimum requirement. Most of the time, the board is kept at five members for ease of administration. However, the board could be expanded to seven, nine, or even eleven members, with representation balanced between the county and the city if desired. Legally, there was flexibility, though the minimum remained five members. Dieguez continued with the point that, regardless of the number decided upon, the majority of the board must be either City Council members or County Supervisors. In any case, there must be at least two public members, though more could be included. A similar situation was playing out in Santa Rosa with the proposed Santa Rosa EIFD, where there were three public members and two representatives each from the city and the county. Based on their experience, it was noted that as the group gets larger, it becomes harder to schedule meetings, maintain quorum, and accomplish tasks.
- To determine the appropriate number of board members, the agencies consider factors such as how much funding each is allocated, as well as who is willing to invest time into

staffing the board. Cities typically take the lead in multi-agency efforts, as seen in examples from Orange County and the City of Placentia, where a working group included representatives from both city and county. When it comes to signing a staff report, it helps to have a designated lead, ideally someone from the city, such as a city manager, finance director, or community development director. Dieguez acknowledged that these processes tend to be a blend of art and science.

- Supervisor Hopkins added that it was not a foregone conclusion that Sebastopol would be the lead agency, as that decision was still up for discussion. Compared to a larger city like Santa Rosa, Sebastopol had more limited resources and staffing. In fact, it was County funding that allowed for the hiring of consultants. While the City of Sebastopol was interested in the project, they were uncertain whether they had the necessary staff to support the effort moving forward. Therefore, the composition of the board remains an open conversation. Hopkins emphasized that she would not agree to a setup that heavily favored one jurisdiction, particularly if that jurisdiction provided less funding. Personally, she wouldn't mind having an even number of members. Although potentially challenging, this could set a higher bar for decision-making.

Hopkins concluded by stating that all aspects of the project were still under discussion and that there was no pre-determined solution in place.

8. Governance and Staffing of the EIFD

One council member asked whether a new agency would need to be created to manage the EIFD or if it would fall under an existing department's responsibilities.

- Response: Williams explained that the PFA, consisting of city and county officials, would be responsible for governing the EIFD. In terms of day-to-day operations, it was likely that existing staff from the city or county would manage the EIFD, negating the need for a new administrative entity.

Public Comments and Responses

1. Concerns About Rural Representation

Scott Farmer, a resident of Salt Point, raised concerns about rural communities potentially being left out of funding decisions, especially since they often feel overlooked in county resource allocations. He asked how the EIFD would ensure that rural areas receive their fair share of investment.

- Response: Supervisor Lynda Hopkins assured Scott that the EIFD's intent was to create targeted investments that would benefit all areas, including rural communities. She emphasized that rural voices would be included in the PFA, and the project list would be developed with input from all regions.

2. Need for Public Restrooms in Tourist Areas

A community member highlighted the need for more public restrooms, especially in high-traffic tourist areas along the coast.

- Response: Felicia Williams confirmed that public restrooms were an eligible project under EIFD funding and noted that they had been prioritized in other EIFDs for similar communities.

3. Flood Mitigation for Guerneville

A resident from Guerneville discussed the recurrent flooding in his neighborhood and asked whether flood mitigation, specifically creek dredging, could be included as a funded project.

- Response: Williams confirmed that flood mitigation, including dredging projects, is an eligible use of EIFD funds and would be added to the list for consideration.

4. Parking and Bicycle Infrastructure in Forestville

Lucy Hardcastle from Forestville suggested that more public parking, particularly in downtown areas, and better bicycle infrastructure should be considered for EIFD funding.

- Response: Williams agreed that both parking infrastructure and bicycle path improvements were eligible under the EIFD and would be considered as part of the project list.

5. Affordable Housing and Property Tax Concerns

Jennifer Butler from the Graton Community Services District voiced concerns about rising property taxes potentially burdening residents, even though the EIFD itself does not introduce a new tax. She also inquired about how the EIFD board would interact with existing governance structures in unincorporated areas like Graton.

- Response: Williams acknowledged the concern about rising property values and explained that while the EIFD captures tax increments, it does not raise taxes. Regarding governance, she noted that the PFA would likely coordinate with existing municipal advisory councils (MACs) and other local governance boards to ensure comprehensive representation.

6. Commercial Fishing Infrastructure in Bodega Bay

Dick Ogg, a commercial fisherman from Bodega Bay, spoke about the critical need for infrastructure improvements to support the local fishing industry, particularly highlighting the need to upgrade the aging ice house.

- Response: Williams stated that infrastructure projects supporting local industries, like the ice house, would be a high priority for EIFD funding, as they are vital to the local economy.

Supervisor Lynda Hopkins thanked all participants for their valuable contributions. She reiterated that the process was still in its early stages, with much more community outreach and input needed before any final decisions were made. She encouraged continued participation and assured attendees that more public meetings would follow. Felicia Williams echoed these sentiments, emphasizing that community involvement was critical in shaping the direction of the EIFD. She invited attendees to submit any additional project ideas for consideration.

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5. Adjournment

The meeting was adjourned by the Chair at 8:16 PM