CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE

FROM: Jen Baker
Maria Oberg

SUBJECT: **See Below**

DATE: August 5, 2026

Approved Rosalynn Hughey

Date: 8/7/2026

SUBJECT: Infrastructure Financing Tools for Economic Development Study Session

RECOMMENDATION

Set a City Council Study Session entitled *Infrastructure Financing Tools for Economic Development* for Monday, September 14, 2026, from 1:30 p.m. to 4:30 p.m. in the City Council Chambers and approve the Study Session agenda.

PURPOSE

Provide the City Council with an overview of two primary infrastructure financing tools - Enhanced Infrastructure Financing Districts and Community Facilities Districts - including how each tool functions, when each is most effective, and the opportunities and limitations associated with their use to finance public infrastructure that supports economic development and private investment.

OUTCOME

Equip the City Council with a common understanding of the circumstances under which Enhanced Infrastructure Financing Districts and Community Facilities Districts are appropriate and successfully implemented, share eligible uses of proceeds, outline the scope of and timeline of infrastructure funds garnered, create awareness of the costs associated with the administration of the tools, and evaluation criteria that may be used when considering these financing tools to support future economic development and infrastructure investment opportunities.

BACKGROUND

The City has not endeavored to form an Enhanced Infrastructure Financing District (EIFD) to date and has facilitated limited formation of Community Facilities Districts (CFDs) in the City's history. Responsive to City Council direction in the Mayor's March Budget Message for Fiscal Year 2026-2027, staff are presenting the Study Session to invite additional longer-term strategic thinking on how EIFDs and CFDs may be impactful infrastructure financing tools for economic development. As noted in the March Budget Message, Councilmember Tordillos highlighted that cities across California have increasingly leveraged EIFDs to address housing and other infrastructure financing challenges, but San José stands out as the only city with over 500,000 residents that has yet to move forward with an EIFD. The City Manager was directed to bring to the City Council a study session on EIFDs by September 2026, focused on how this mechanism can facilitate investment in jobs, housing, and economic revitalization downtown.

ANALYSIS

The Study Session will present how EIFDs and CFDs are operationalized; where each tool is most effective; their principal challenges and opportunities; and criteria for evaluating their use. The discussion will distinguish EIFDs, which dedicate a portion of future property tax increment from participating taxing entities, from CFDs, which levy a new special tax on property within a defined district. Staff will present a decision framework addressing the significance of tax increment value creation, revenue sources, approval requirements, development type, eligible uses, timing, financing capacity, administrative complexity, and opportunities to combine these tools with other funding sources.

The Study Session will include an overview of EIFDs as authorized in Senate Bill 628, how an EIFD could support the City's Focus Area goals for Building More Housing and Growing Our Economy, potential revenue and trade-offs associated with issuing bonds with tax increment financing, and trade-offs of different district configurations, such as multi-district configurations. Likewise, the Study Session will summarize the status of the most recent CFD mechanisms.

The City Manager was also directed to resource the follow-up work to continue exploring the implementation of an EIFD.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, City Manager's Budget Office, Housing Department, Public Works Department, and Transportation Department.

Jen Baker
Director of the City Manager's Office of Economic Development and Cultural Affairs

/s/
Maria Oberg
Director, Finance

For questions, please contact Tara Reid, Executive Assistant to Jen Baker, City Manager's Office of Economic Development and Cultural Affairs, at tara.reid@sanjoseca.gov or (408) 535-8179.

ATTACHMENT
Study Session Agenda

City Council Meeting Agenda

Study Session
Infrastructure Financing Tools for Economic Development

Monday, September 14, 2026
1:30 p.m. – 4:30 p.m.

LOCATION:
Council Chambers, City Hall

- Call to Order and Roll Call

1:30 p.m. Study Session – Infrastructure Financing Tools for Economic Development
Council Chambers, City Hall

STUDY SESSION

Purpose: Provide the City Council with an overview of two primary infrastructure financing tools - Enhanced Infrastructure Financing Districts and Community Facilities Districts - including how each tool functions, when each is most effective, and the opportunities and limitations associated with their use to finance public infrastructure that supports economic development and private investment.

Outcome: Equip the City Council with a common understanding of the circumstances under which Enhanced Infrastructure Financing Districts and Community Facilities Districts are appropriate and successfully implemented, share eligible uses of proceeds, outline the scope of and timeline of infrastructure funds garnered, create awareness of the costs associated with the administration of the tools, and evaluation criteria that may be used when considering these financing tools to support future economic development and infrastructure investment opportunities.

1. Introduction
2. Finance Portfolio Management Key Principles
3. Technical Presentation of Infrastructure Financing Tools by Municipal Advisor (Fieldman)
4. Questions and Answers

- Public Comment
  Members of the public may comment on agendized items only at this Study Session. There will be no Open Forum. Cal. Govt. Code §54954.3(a).